

# FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY NOVEMBER 5 1992

# of lower profits and fewer jobs

MAN, one of Germany's biggest engineering groups and a prime beneficiary of German unification, warned yesterday that profits for the year to the end of next June would be down from the

record level of the past two years. Klaus Götte, chief executive of the Munich-based manufacturer of trucks to diesel motors, said by the end of this financial year the number of employees would be down 4,500, or 7 per cent, since the economic downturn began. Page 17: Unemployment rises in Germany, Page 2

Government at risk: The Irish government is expected to fall today after the Progressive Democrats, junior partners in the coalition, resigned their ministerial posts and indicated support for a "no confidence" motion from the opposition Labour party. Page 16

American Telephone & Telegraph is negotiating to buy a 33 per cent stake in McCaw Cellular, the biggest company in the fast-growing US cellular telephone market, for \$3.8bn as part of a broad alliance between the two businesses. The deal includes AT&T buying out the 22 per cent stake BT bolds in McCaw.

Barclays de Zoete Wedd: The UK merchant bank has been dropped as adviser on the privatisation of Hungary's largest brewery after a dispute



Robin Leigh-Pemberton, governor of the Bank of England, endured a fierce cross-examination by MPs over the way the Bank supervised the Bank of Credit and Commerce International. In reply he rejected criticism of the Bank's style of supervision as "passive and timid". Page 9

Deaths 'certain': Heavy casualties in Bosnia-Hercegovina are inevitable this winter because of the failure to meet its humanitarian aid needs warned Cyrus Vance, co-chairman of the Geneva conference on the former Yugoslavia. Page 16

Call for stricter probes: More thorough inspections of Boeing '747 aircraft in the wake of last month's crash of an El Al jet in Amsterdam are being strongly urged by the US National Transportation Safety Board. Page 4

**Trade surplus jumps:** Japan's current account surplus increased by 50 per cent in the first six oths of the financial

TV death sought: Australia's Labor government is preparing fresh legislation for the introduction of subscription tellevision after its MPs approved comprends projesals. Page 4 Woolworth Corporation: The US retailer

which operates both general merchandise outlets and specialty stores reported sharply improved third-quarter results. The group hoisted after-tax profits from \$41m a year ago to \$65m. Page 20 Self-off hint: Belgium could launch its ambitious

privatisation programme late this year, according to the finance minister. Page 2 Air Canada, which has dropped its merger plan with rival Canadian Airlines International,

reported a C\$14m (US\$11.6m) loss for the third quarter, its busiest period. Page 20 Bank's move: ANZ Grindlays Bank, Australian-

owned group involved in the Bombay securities scandal, has paid Rs5.06bn (\$174m) to a central bank subsidiary against seven disputed cheques, in a package deal to refer the disputed transactions for arbitration. Page 4 British Petroleum: The UK oil group said

the overseas investment arm of the Anglo American Corporation-De Beers group of South Africa, had conditionally agreed to pay US\$456m for its 49 per cent holding in the Olympic Dam copper/ gold/silver/uranium mine in South Australia. Page 17

Businessman held: Iran said it had arrested a US citizen, Milton Meyer, on charges of illegal business deals. The official Iranian news agency IRNA said Meyer was also accused of having dealings with "agents having links with foreign intelligence services".

Cash transfers 'no easier': Banks have not made it easier for customers to transfer money across EC borders over the past five years, the European consumers' association says. Page 2

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# MAN group warns Gatt refuses to support US sanctions on EC trade

By Frances Williams in Geneva, David Gardner in Brussels and David Dodwell in London

THE THREAT OF a trade war was temporarily averted yester-day after the US failed to win support for a \$1bn (2600m) package of sanctions against the European Community. Punitive tariffs on food and

drink imports into the US from the EC could, however, still be imposed scuppering hopes of a world trade agreement. Mr Rufus Yerxa, US ambassador to the General Agreement on

authorise trade reprisals of up to \$1bn on EC exports to the US as part of long-standing dispute between the US and the EC over the trade in oilseeds. The US, he said, had shown

year dispute over subsidised oilseed production. This \$1bn figure represents the trade which Washington claims its soyabean farmers have lost as a result of EC oilseed subsidies. The Gatt council, which has

"uncommon patience" in the five-

US position but refused to endorse sanctions. It opted instead to "receive" the US state-

Mr Tran van Thinh, EC ambas sador to Gatt, warned that a Gatt endorsement of US sanctions "would have fatal repercussions on the Uruguay Round". The two sides were "on the brink of an agreement", he said.

Washington's failed attempt to escalate the dispute follows the breakdown on Tuesday of talks in Chicago between Mr Ed Madigan, US agriculture secretary,

Tariffs and Trade in Geneva, dies, expressed sympathy for the and Mr Ray MacSharry, EC agri-want a Uruguay Round settle-asked Gatt's governing council to US position but refused to culture commissioner. These ment, which is a disgraceful situculture commissioner. These aimed to resolve the long-running dispute as part of a broader

accord on farm subsidies.

Mr MacSharry, who is also chief BC negotiator in Chicago, said the "Community has no alternative whatsoever but to retaliate" if the US went ahead with punitive tariffs, Mr Frans Andriessen, EC external affairs commissioner, cautiously supported this view.

Mr MacSharry added that if Washington went ahead "this would make clear the US doesn't

ment, which is a disgraceful situation". He said "a very good agreement" to settle the farm chapter of the Uruguay Round was close. But in the end, senior EC officials say, the US moved backwards on the separate but linked oilseeds dispute, by trying to set a lower and permanent production limit for the EC.

Mr MacSharry received support from the European Parliament agriculture committee and the trade committee of the Council of Ministers. But he is understood to be dismayed at the lack of

support from Mr Jacques Delors. Commission presiden

There were strong rumours yesterday that Mr MacSharry had decided to take no further part in the Gatt negotiations handing over responsibility to Mr Delors. One senior EC official says Mr Delors phoned Mr MacSharry in Chicago to say he would oppose the Gatt deal that was taking shape, and that France and

 Continued on Page 16 Background and analysis, Page 3

another unspecified member

# Clinton tells enemies and allies not to doubt resolve

By Jurek Martin and George

MR Bill Clinton, the Democratic governor of Arkansas and president-elect, set out yesterday to reassure foreign allies of the US and warn its enemies not to take advantage of president George Bush's lame-duck administration.

"The greatest mistake any adversary could make would be to doubt America's resolve dur-ing this period of transition," Mr Clinton said, implicitly targeting Iraqi president Saddam Hussein, who yesterday celebrated the defeat of President Bush.

"The greatest gesture of goodwill any nation can make toward me is to continue their full co-operation during this period with our one president, George Bush," he added. He said that America has only one president at a time, and American foreign policy remains solely in his hands".

Mr Clinton, taking his first steps along the road to his inauguration on January 20, also sought to reassure financial markets that he would not embark on a government spending spree and that his economic policies would not interfere with the free

"We understand the need to pursue stability even as we pur-President Bush, only the fourth elected incumbent to be turfed out of the White House after one term and the first Republican to suffer the fate since Herbert Hoover in 1932, flew back to Wash-

sion in Houston on election night. He signalled that he did not plan to bow out entirely in his

ington after a gracious conces-

Waiting for Perot ■ Foreign reaction ■ Popular tune, tricky acore: **A** losing propo Page 16 **■ Le**x

last months in office by vetoing a \$27bn tax bill sent to him by the last Congres

in the end, Mr Clinton's margin of victory was somewhat less overwhelming than had appeared likely at one time. His margin in the electoral college was decisive - winning 32 states plus the District of Columbia worth 370 votes against 18 states and 168 electors for Mr Bush. But he achieved only the third lowest score in the popular vote this century.

Near final figures gave him 43 per cent, against 38 per cent for the president and 19 per cent for Mr Ross Perot, the independent. Mr Perot gave no real clue last night as to his own future or that of his movement, but offered an unspecified helping hand to Mr

The combined Clinton-Perot vote, about 62 per cent, was a resounding rebuil for the person and policies of President Bush, who had taken over 53 per cent of the popular vote four years ago. One explanation lay in a turn-out estimated at about 104m, the highest ever, equivalent to about 55 per cent of registered voters, last exceeded in 1972.

Though many state races were very close, Mr Clinton assembled a geographically well-spread series of victories. He swept the

Continued on Page 16



President-elect Bill Clinton (left) and vice president-elect Al Gore greet their supporters in Little Rock, Arkansas, after the election

# Major fights to restore authority

By Philip Stephens

BRITAIN'S prime minister Mr John Major fought to restore his authority yesterday with a stark warning to Tory rebels that the UK's economic recovery and its place at the heart of Europe were inextricably linked.

In a tense and frequently angry House of Commons debate which turned into a crucial test of the prime minister's standing, he warned that failure to proceed with the ratification of the Masstricht treaty could leave Britain "scowling" in frustration on the

fringes of Europe. Mr Major's rallying call came in a last-ditch plea for MPs' back-ing for his European strategy from Tory Euro-sceptics pledged to wreck British ratification of the Maastricht treaty. But as MPs prepared for last night's vital vote on whether to press ahead

with the ratification process, the outcome still looked uncertain. Senior ministers privately predicted a narrow victory for Mr Major with 19 of the 20 MPs from the third party, the Liberal Dem-

ocrats, pledged to vote with the Conservatives. But more than 30 Tory Euro-sceptics insisted that when their votes were added to those of the opposition Labour party and other opposition parties, the government's majority

of 21 would be overturned. Mr Major, who called yesterday's vote in an attempt to restore his authority at home and strengthen his negotiating hand in the European Community, sought to turn the debate into a fundamental choice about Britain's place in Europe.

in a powerful speech which brought noisy applause from most Tories but left many hardline Euro-sceptics unmoved, Mr

tion is simply: are we or are we not in this country to play a central role in Europe's development?" Warning that an attempt to renege now on the Maastricht treaty would severely damage Britain's economic prospects, he said the "centralist" Europe feared by the Euro-sceptics was

> Continued on Page 16 Debate details, Page 9

# Volvo to close two plants

The measures, announced yes-terday, will result in the loss of

4,500 jobs, 10 per cent of Volvo's overall workforce, by 1995.

Car production will now be concentrated at the group's Torslanda plant in Sweden and at Ghent in Belgium. The plants at Uddevalla and Kalmar will be closed to achieve annual cost

Uddevalla, which only started operations in 1989, will be closed next spring and Kalmar in mid-

The closures are a personal setback for Mr Pehr Gyllenhammar,

in the new techniques. Volvo expects car sales of just

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# with the loss of 4,500 jobs

VOLVO, Sweden's leading motor vehicle manufacturer, is to close two of its three Swedish car plants as part of a sweeping rationalisation of its operations.

The cuts, which were more severe than expected, reflect the sharp decline in sales in the group's three main markets, the US, UK and Sweden, and seven consecutive quarters of losses in its core operations. The aim is to achieve group operating income of SKr5.5hn (\$940m) by 1995.

1994. A total of 1,600 jobs will be

Volvo's chairman. Under his guidance, both plants fostered new production methods, involving multi-skilled assembly-work teams, rather than traditional assembly line methods. The company said the closures were entirely dictated by market factors, not because of deficiencies

over 200,000 this year, excluding the small 400 series. In Sweden the US and the UK, it forecasts total sales of 120,000 to 130,000 large cars, compared with 200,000 in 1968. The plant closures will reduce production capacity for large cars from 370,000 to 300,000.

Sören Gyll; said rationalisation was needed to safeguard the company's future product development and competitiveness. "We must reduce our overall cost structure and adjust our organisation to market conditions.

Meanwhile, Volvo Trucks announced 2,000 job losses due to a rationalisation programme which aims to cut costs by SKr2.5bn by 1995. "There is no indication of any improvement in the market and an increase in sales in the near future", it said. A total of 500 jobs are also to be shed at Torslanda and there will be job cuts at Volvo Penta and at

two small car factories. The rationalisation measures were welcomed by analysts. "It's good for productivity and for the prospects of closer collaboration with Renault." said Mr Christian Diebitsch, Swedish analyst at Kleinwort Benson in London.

# Managed Funds .

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# Belgium hints at early start to big sell-off

8y Andrew Hill in Brussels

BELGIUM could launch its ambitious privatisation programme before the end of this year, according to Mr Philippe Maystadt, the finance minister.

The committee of four "wise men".appointed to examine privatisation prospects will submit its preliminary proposals for a first wave of sell-offs to Mr Maystadt today or tomorrow. The confidential list will consist mainly of financial institutions, such as savings banks and credit institutions.

A stake in one of those companies could be advertised for sale before Christmas to test the water for further privatisation. The government wants to raise BFr60bn (£1.18bn) over four years, with a target of BFr25bn for 1993, to help bring its budget deficit in line with the Maastricht criteria for European monetary union.

Individual privatisation proposals will need cabinet approval and could require a parliamentary vote. However, Mr Maystadt said he was convinced that ideological differences between socialist and Christian Democrat coalition partners would evaporate once "concrete proposals" were on

the table, Mr Jean-Luc Dehaene, Flemish Christian Democrat prime minister, set the debate in motion two weeks ago when he said the state should put no restrictions on the assets to be sold, the identity of the buyer, or the proportion of state companies to be privatised. The deputy prime minister, Mr Guy Coeme, a French-speaking socialist, hit back by arguing

not reflect the government's. Mr Maystadt, of the francophone Social Christian Party, said "golden shares" - allowing the government to retain control of the company - were not ruled out for sensitive sec

tors, such as energy.
But he added that the government should be ready to sell more than 49 per cent of state enterprises. "If it appears that we can get a better deal and we are able to sell our participation on better terms if we allow control by a newcomer then why not?" he said.

The first sales will be to individual buyers, but in two or three years' time, Mr Maystadt believes it might be possible to have a UK-style public offering of shares in one of the larger institutions such as Belgacom, the state telecommunications

He said that he had already received a large number of

 Belgium's senate voted overwhelmingly in favour of ratifying the Maastricht treaty yesterday. Reuter reports from

The senate decision, which King Baudouin must sign, is the last important step towards Belgium ratifying the treaty. The lower house voted in support of the agreement two weeks ago. At yesterday's senate meeting, 115 supported the treaty, 26 voted against and there was one abstention.

Belgium's small regional parliament for the German community is expected to vote on the treaty later this month. A parliamentary spokesman said the German community was expected to support the sen-

# Unemployment up sharply in west Germany

UNEMPLOYMENT in western Germany increased sharply last month, and short-time working shot up by more than 160 per cent, as the downturn took hold of the economy.

The number of jobless rose by 46,700 to 1,830,300, according to the Federal Labour Office, the first time since 1984 there has been an unemployment rise in October. The unemployment rate in west Germany now stands at 6 per cent, compared with

5.4 per cent one year ago.
At the same time the numbers on short-time working increased from 122,200 to 326,700, as short shifts were introduced principally in the mechanical engineering industry, iron and steel, the automobile industry and electrical

engineering.
Although there was a slight fall in the numbers officially unemployed in east Germany - down 13,300 to 1,097,500, a rate of 13.5 per cent - a key factor was withdrawal of job

ket. The proportion of women among the jobless in east Germany is almost 65 per cent, reflecting the disproportionate loss of female employment since communism collapsed.

Mr Heinrich Franke, the president of the Labour Office, stressed that another 1,700,000 would be registered unemployed in east Germany if it were not for labour programmes designed to alleviate the jobs crisis there. Almost 500,000 are taking part in full-time training schemes and early retirement pensions.

Spending on unemployment benefit and other labour market schemes is expected to increase by between DM2.4bn and DM3bn (£1bn-£1.2bn) in both east and west Germany above the current budget figare because of the economic downturn, government officials said.

As part of a package of budget savings measures, the government has agreed to increase unemployment contributions next year from 6.3 to

By Lionel Barber in Brussels

MR Jacques Delors, European

Commission president, yesterday took the unusual

step of naming the prime minister of the Netherlands,

Mr Ruud Lubbers, as his

preferred successor, two years

before he is due to leave office. Speaking in a Dutch radio interview on Tuesday, Mr

Lubbers' tenth anniversary in

power, Mr Delors said that the

Dutch prime minister would be

"the right person in the right place" to take over as Commission president.

Only last summer, at the

Lisbon summit, EC leaders agreed to re-appoint Mr Delors

to a further two-year term

which would expire at the end of 1994. Mr Lubbers has made

clear that he does not want to

make himself eligible for the

Commission presidency until

But Mr Delors' remarks

aroused interest in Brussels

because they come amid

widespread reports that he is

frustrated by his decline in influence since the Danes

By Chrystia Freeland

UKRAINE'S prime minister

Mr Leonid Kuchma, warned yesterday that unless the west

offered further inducements he

would have a hard time selling

the strategic arms reduction treaty (Start) to parliament.

exchange we are receiving only

advice, not real aid," said Mr

Kuchma, who was director of the world's largest missile fac-

tory before becoming prime

Ukraine has repeatedly

promised to become a non-nu-

clear state and has already

removed all tactical nuclear

weapons from its territory.

However, 176 inter-continental

missiles (ICBMs) remain in

The ICBMs are to be

removed and dismantled

through a complex process reg-

ulated by Start, the Lisbon pro-tocol (which extended the bilat-

eral Start treaty to include

Ukraine, Kazakhstan, and

Belorus) and the non-nuclear

proliferation committee, all of

which must be ratified by the

legislature. Russia's parlia-ment ratified the Start treaty

yesterday with some reserva-

minister last month.

Ukraine.

"Ukraine is giving up its nuclear umbrella and in

**Delors** names

**Dutch PM as** 

'right' successor

6.5 per cent of wages to pay for the excess, but to reduce pensions contributions by the same amount. Mr Dieter Vogel, the government spokesman, said the shortfall on pen-sions would have to be made good in 1994.

The German trade union federation (DGB) called for urgent measures from both the Bundesbank, in relaxing the current high level of interest rates, and from the government, in accelerating investment plans, to counteract the

### **Brussels** urges accord on VAT

PLANS to simplify the transitional indirect tax system in the European single market should be pushed through the EC's legislative machinery before the end of the year, the European Commission said yesterday. Andrew Hill reports from Brussels.

The Commission approved a new draft directive to help lift the potential administrative burden on companies, many of the new transitional system for collecting value added tax (VAT) and excise duties.

Mrs Christiane Scrivener, the EC tax commissioner, said the European Parliament and national officials would begin debating the measure immediately, and the Commission hopes for unanimous approval from member states before the old system of border controls is abolished at the end of the year. The directive should eliminate problems arising from "triangular trade". For example, if a German company occasionally buys goods from a British group for delivery to a Spanish company, the German company will not have to register for VAT in Spain.

Russian bank chief returns

Mr Viktor Gerashchenko was

yesterday confirmed as chair-

man of the Russian central

bank yesterday, returning to

the role he held in the former

Soviet Union, Leyla Boulton

writes from Moscow. Mr

Gerashchenko, who sees his

role as including support for

industry in the absence of capi-

tal markets, has spent a year out in the cold following the

August coup and has survived

a challenge from the newly-

emergent Russian central bank

European, has fresh ideas, and is capable of innovation. He is willing to discuss matters and he can compromise between the Twelve, an essential quality for the success of the

rejected the Maastricht treaty on closer European union. He is also said to be frustrated by the corresponding assault by European market by the end of

Ukraine issues

warning on Start

not been formally invited to give a presentation on the need for an EC-wide growth package at the up-coming Edinburgh Mr Lubbers is a leading

contender for Mr Delors' job. A few days ago, Chancellor Helmut Kohl said he would make a good Commission president. As a proven national leader, he would also be a credible defender of subsidiarity -

including Britain, on the powers of the Commission.

Mr Delors' thinking described the Commission president as

"feeling sore".

An EC official familiar with

Another EC official said Mr

Delors was upset that he had

devolving power from Brussels to the lowest appropriate level in the Community. Mr Delors said of Mr Lubbers yesterday: "He is a true

Community. Mr Delors, who has headed the Commission since 1985, is best known for his successful campaign to introduce a single

we go to parliament with noth-

ing it will be a fiasco for me

and for the president," Mr

Kuchma told journalists. He said that Ukraine should

get security guarantees and

economic aid from the west in

exchange for its historically unprecedented renunciation of

nuclear weapons. Revealing the technical expertise which

should make him a tough arms

negotiator, Mr Kuchma also

gave a detailed critique of the

method for destroying the mis-

sile siles proposed by the US.

Ukraine will shortly intro-

duce the coupon and ignore

cash currency, effectively tak-

ing the second most powerful

former Soviet republic out of

the rouble zone, said Mr

Kuchma yesterday. The move

is part of his broader effort to

improve his republic's often

hostile relationship with Rus-

sia, which has urged Ukraine to introduce a separate cur-

rency in order to shield Russia

from Ukraine's spendthrift

impending economic disaster

in Ukraine, said he would restrict the allocation of credit

to faltering state enterprises

and raise the central bank's

discount lending rate to at

least 50 per cent per year - at

a time when inflation has

Mr Kuchma, who warned of

monetary policy.

while he was still chairman of the Soviet central bank. Inflation in Italy at 5%

Italy's inflation rate dropped last month to an annual average of 5 per cent, the lowest level since 1988, Robert Gra-ham writes from Rome.

According to Istat, the national statistics office. Octo ber inflation was running at 0.6 per cent. Consumer prices have now been falling steadily since the last quarter of 1991; nevertheless the annual average still remains above the European Community norm.

### Sweden gives enterprise boost

Sweden plans to set up a new SKr2.5bn (£276m) fund to support the development of new companies. Christopher Brown-Humes reports from Stockholm. The scheme, based on a successful German model. aims to help the companies get access to finance at a time when the country's crisis-hit banking sector is often reluctant to provide support. It will start operations on January 1 1993. The new scheme complements a venture capital project for small and medium-sized businesses which was unveiled last month.

### Finland gets EC entry approval

The European Commission said yesterday it was recommending talks on admitting Finland to the Community, Reuter reports from Brussels Apart from a few specific problems such as agriculture . and regional policy there were no insuperable obstacles. Mr Frans Andriessen, the external relations commissioner told a news conference .

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Chancellor Helmut Kohl talking to Finance Minister Theo Waigel prior to yesterday's cabinet meeting in Bonn to discuss big cuts in public spending to finance east German reconstruction

# EC cash transfers remain a costly business

By Andrew Hill in Brussels

BANKS have failed to make it. easier for customers to transfer money across EC borders over the past five years, according to the European consumers' organisation.

Unions de Consommateurs (Beuc) published a survey yes-terday which indicates that tion available to consumers

EC is more costly, less trans-parent, and no quicker than at the time of its 1987 survey. The organisation called for legislation to force banks to

change their ways, and to prevent them wriggling out of The Bureau Européen des obligations to customers. It was particularly worried about

about bank transfers, and the existence of "hidden commissions" on some transactions. The survey was conducted for the European Commission's consumer policy service. Mr Karel Van Miert, commissioner for consumer affairs, said there

banks had not improved their

payment systems by the end of this year.

The Commission published year to improve their act." its own guidelines for banks in March and promised to reassess the situation in the first quarter of 1993. A spokesman for Sir Leon Brittan said Brussels still believed co-operation with the banks would be more know things are still wrong, but we have given them [the banks] until the end of the

Beuc sent 160 payments of about Ecul30 (£104) across Europe, via mail and electronic transfer. The average commis sion was 14 per cent, compared with 9 per cent in 1987.

Banks in Britain, Portugal, Italy, France and Ireland among the most expensive; the slowest were in Spain, Portu-gal, Italy, and the Netherlands.

### Balkans war alarms Bulgaria

By Virginia Marsh and Theodor Troev in Sofia

BULGARIA fears instability in the Balkans could be deepened by the Yugoslav conflict spilling over into neighbouring countries, President Zhelyu Zhelev said yesterday. There is a strong possibility

that the conflict could spill over into Kosovo and Macedo nia and from there into other parts of the volatile Balkan region. The tensions in Kosovo are such that one spark could set that area on fire," he said. Mr Zhelev called on the west

to intervene militarily to stop the fighting and warned that if the conflict spread to Macedonia it would be difficult to prevent the involvement of Bulgaria, which has been without a government since Prime Minister Philip Dimitrov lost a confidence vote last week.

"We could not possibly stop the influx of refugees and this would provoke Bulgarians living on the border, most of whom have relatives in Macedonia, to take arms and go to the rescue," he said.

 A Bulgarian team left for Frankfurt last night to continue talks over repayment of the country's \$10bn debt to 300 commercial banks led by Deutsche Bank. The resumption of partial interest payments in September opened the way for these negotiations which had been thrown into doubt by the government's resignation.

### Hiescu names Romanian PM

ROMANIA'S President Ion Iliescu yesterday named a little-known economist, 49year-old Mr Nicolae Vacaroiu, as prime minister, Bucharest radio said, Reuter reports from Bucharest.

The appointment ended a five-week search for a new premier after inconclusive elections on September 27 produced a hung parliament with Mr Illescu's party well short of

# "I am for ratification but if exceeded that rate per month. France to strengthen

drew up tough rules on the handling of blood for transfusions to try to avoid a repeat of the scandal in which the national transfusion service gave HIV-infected blood to more than 1,200 haemophiliacs. The rules would increase state control over the conditions under which blood is donated, checked for disease

when EC single-market regula-tions will end the monopoly of the national blood transfusion

political importance in France, following the passing of prison sentences on three senior health service officials accused of criminal negligence and fraud in allowing HIV-contaminated blood to be distributed. Concern has deepened with the revelation that Institut Mérieux, a leading pharmaceuti-

ber 1985 exported blood without heat-treating it for HIV. The new rules, which will go before parliament for final approval, forbid distribution in France of blood from paid donors, punishable by up to five years in prison and a FFr1m (£110,000) fine. Blood must be tested for HIV and treated before being distrib-

uted and the identities of

donors and recipients must be

kept confidential

The law also establishes a sible solely for stocking and

# transfusion controls By William Dawkins in Paris

THE French cabinet vesterday

and transported, at a time

This has become of high

national blood agency to monitor the collection, processing and distribution of blood products. It will have a team of inspectors, responsible for overseeing 163 blood donation centres, and will be responsible for blood processing laboratories. Previously, the French blood products system had no central organisation, except for the transfusion service, respon-

policy. For a better understanding, please complete and post the coupon. For a free information pack please post to the Name British Nuclear Forum, 22 Buckingham Gate, Address London SW1E 6LB. Or ring 0272 244750. come to nuclear power with an open mind

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against acid rain.

Mankind has increased natural levels of acid gases such as sulphur dioxide

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widespread damage to forests and lakes in Europe. Almost a quarter of

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# EC to fight 'bad' deal

By David Buchan in Paris

FRANCE'S farm minister, Mr Jean-Pierre Soisson, yesterday urged the EC to "counterretaliate" against US sanctions in the oilseeds dispute, and congratulated himself and his predecessors on standing firm against the "very bad" Gatt deal offered by the US.

Mr Soisson told the French parliament "the firmness France has shown since 1985 has finally avoided an agreement which would have been very bad for our agriculture and our economy". The US demands were "as unacceptable to France as to the Euro-pean Commissioner, Mr Ray MacSharry", he said.

In fact, the French govern-ment has privately disputed Mr MacSharry's claim that, except for the impasse over oilseeds, the EC could virtually meet the US-backed proposals of the Gatt secretariat for agricultural trade reform.

Brussels has contended that recent EC farm policy reforms would reduce European cereal exports by almost as much as Washington has been seeking.

"We don't see the changes in the common agricultural pol-icy (CAP) producing a big reduction [in EC cereal

### Major in US farm groups save talks stand firm

By Our Foreign Staff

Mr Gummer, present at the failed EC-US talks in Chicago, urged parties to the Gatt talks to get back round the negotiating table because there was a "deal in sight", despite the

Calling the prospect of puni-tive tariffs "sad", he said: "I hope we can get back to the table. It ought not to be like this between friendly nations." Blaming the faltering negotia-tions on the US, he added: "I said some time ago we had a mile to go and had to go half a mile each. The Community went more than its half mile. It seemed to turn out in the end that the US negotiator didn't have any flexibility and

Commission, and also with the state. Mr Major said Mr Gum-

Earlier, a senior official expressed pessimism that the row over farm subsidies and oilseed production, which is stalling completion of the current round of Gatt world trade talks, could be resolved. quickly. The UK government regretted the collapse of the latest round; little hope existed for an early agreement, he added. Asked about prospects for renewed talks and eventual agreement, he replied: "We'll have to wait

# French urge Trading system enters dangerous waters

Analysts fear Gatt talks could well be blown off course in next two months, writes David Dodwell

GATT THE internation to eliminate damage to US farmers, amounting to \$15n system entered dangerous uncharted waters yesterday, though the of 1986-90 used by the US," one French official said. failure of EC-US talks in Chicago on reform of subsidised farm inaccuracies in the recent trade contribstudy by insee, the French ecoutes as strongly to the danger nomic research institute, esti-mating CAP reform would cut EC cereal exports from over as the election in the US of a

Democratic president with uncertain trade priorities. If the Chicago talks had suc-eeded, officials both in the US and the EC felt optimistic that wider negotiations under the Uruguay Round on world trade liberalisation could at least be anchored, for President Clinton to take up once he takes office

Failure in Chicago means a Clinton administration inherits no binding obligations from President Bush's trade negotiators; it is hard to believe he will reject the chance to impose his own (as yet barely defined) trade priorities on the long-delayed Round talks. More immediately, failure means yesterday's meeting in Geneva of the 105-country Gatt Council was asked by the US to sanction retaliation against the EC for its refusal to reform its oilseeds subsidy regime so as

(£600m) a year.

The oilseeds row, rumbling on for more than five years, and the subject of two Gatt panel rulings in favour of the US, was apparently the single remaining obstacle in Chicago to a wider farm trade accord. Why has the oilseeds dispute

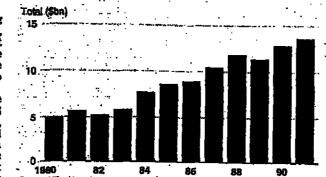
been so intractable? Is the US entitled to demand sanctions, as it did yesterday? How would sauctions affect EC farm exporters? Would the EC be entitled to retaliate? What would the danger be of this localised conflict escalating into a fully-fledged international trade war?

On the first of these ques-tions, the dispute is at the heart of US frustration with the EC's fiercely protective, and trade distorting, farm sub-sldy regime. Significantly, US complaints have been backed by Argentina, Australia, Brazil and Canada, all significant oil-

seeds exporters.

The EC, wrestling with powerful internal resistance to reform of the subsidy regime, is refusing to brook external interference in its reform plans, finalised in a Common Agriculture Policy package pushed into EC law in July. But there is little question

French exports to US



Gatt dispute panel rulings in January 1990 and March this year found in favour of the US, and urged the EC to "act expe-ditiously" to eliminate the damage being done to US oil-seed exporters. US negotiators argue the EC has since then shown no sign of acting in any

way expeditiously.
On this basis, Mr Rufus Yerxa, US ambassador to Gatt, urged countries represented at yesterday's Gatt Council to "authorise the US to suspend the application to the Euro-pean Community of conces-sions under the General Agreement in the amount of \$1bn."
He said yesterday the US intended for the time being to target "less than the full

annual amount of the \$1bn", and would delay action for 30 days, hoping the EC would meanwhile agree with the US a "mutually satisfactory resolution". Noting the dangers involved in the US taking unprecedented action against a Gatt contracting party, Gatt observers were relieved yester-day that the US had chosen to

move with caution. By keeping the dispute inside Gatt, the US has stopped erosion of Gatt's authority as the supreme arbitrator in international trade disputes. By seeking support from the Gatt Council for action, it reduced the danger of action being seen as unduly inflammatory, and eliminated any grounds on which the EC could legiti-

Mrs Carla Hills, US Trade Representative, has insisted that if GATT rules are to mean anything at all, the EC must get permission from Gatt to counter-retaliate, and that they have no grounds to get it.

At present, it is not possible to gauge how damaging to EC farm exporters US retaliation would be. Total EC farm exports to the US amounted ast year to around \$4bn. In the US administration, it has been agreed to aim a first "tranche" of sanctions (prohibitive tariffs on roughly \$300m-\$350m worth of products) against the French, who are seen as the

primary cause of the row, and the Germans, viewed as aiding and abetting them. The detailed list has been kept under wraps so far, but tar-geted goods are likely to be wines and liqueurs such as cognac (though Scotch whisky has been left off the list), ses, and cereals.

The EC has repeatedly warned it would be forced to counter-retaliate if the US imposed sanctions. Officials say they have drawn up a list of targeted products, but have released no details. Dangers involved in the EC retaliating are great, since if it moved without Gatt senction, it could

tion into trade war. Other disputes that could quickly become the focus of sanctions involve steel, cereals, timber, salmon and beef.

"The EC should think extremely carefully before one Geneva-based observer said yesterday: "It would push us hard down the slippery

slope towards trade war." Escalation would be doubly dangerous at a time of political transition in the US, when great uncertainty exists over the trade priorities of President Clinton when he assumes power in January. Among the few trade signals Mr Clinton has given have been hints he could be much more assertive and potentially protectionist, than his predecessor. Whether this proves to be the case or not, trading partners would arguably be rash to inflame international trade relations during the hiatus between administrations in the US.

"The Uruguay Round is drift-ing rudderless for the next two months," one analyst said. "It will almost certainly be blown off course during that time and it would be rash of the EC oilseeds row up into a storm." See Editorial comment: Clinton view on Gatt, Page 8

# **SILVER STANDARD**

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# push to

MR John Major, UK prime US farm groups yesterday were minister, said yesterday he had contacted US and SC officials in an attempt to end their dispute over farm produce, but declined to comment on prospects for a resumption of talks until he had heard a report from Mr John Gummer, agri-

culture minister. Europe and the US.

Mr Major said he "had a a bushel) were competing number of conversations with members of the EC and the US." He had spoken twice on Tuesday, US election day, to President George Bush's campaign manager and Mr James Baker, former secretary of mer would report to him on why talks had broken down.

30m tonnes in 1991-92 to less

Insee researchers omitted both durum wheat and the

grain-growing potential of the

former East Germany in their calculations, officials complain.

In going into the final round of talks with the US, Mr Mac-

Sharry had been wrong to con-

clude the cereal issue was vir-

tually settled. French officials

say. Equally, they contend CAP

reform would probably produce

little reduction in beef and

milk product exports, and

nothing at all so far in ship-

ments of sugar, poultry and

pork, products not yet touched

by the CAP changes.

In opposing US demands,
France claims to have the

backing of several countries on

various issues: Ireland on beef,

Denmark on milk products.

and Germany on cereal substi-tutes. For essentially political

reasons, Spain's Prime Minis-ter Felipe Gonzalez has said

France could count on Spanish

than 15m by 1996.

By Nancy Dunna

anxious about the potential trade war with the EC but remained determined in their support for sanctions against European products.

Washington to take action since 1985 when EC subsidies began to hit their exports. The EC was then their best market. accounting for half of US oil-

seeds exports. In the view of most farm lob byists, if the Reagan and Bush administrations were at fault, EC officials that their differ ences would be resolved "next year", then the year after that,

delay would bring no solutions.

The US has now won two rulings by a Gatt dispute the panel agreed EC subsidies to its oilseeds industry "impaired" a 1962 agreement to keep the EC oilseeds market open to foreign producers.

The market was never closed, but US producers, who receive the world price for their soyabeans (now \$530-\$540

could undercut their price. The subsidies made oilseeds output so lucrative that it soared to an estimated 13m

against EC producers who

The American Soya Bean case to Gatt, was seeking an agreement which would roll back production to the tonnes. It rejected an EC offer which might have reduced output to 9.5m tonnes.

"Sanctions are our last resort," a National Sunflower Association spokesman said. Between 1976 and 1985, the US exported about 2m tonnes a year of sunflower seeds to the EC. That market has totally

Weir, of the ASA, have been living in a dream world."

### Bad timing and stark decisions in Chicago

By Laurie Morse in Chicago

WHEN farm trade ministers from the US and EC abandoned efforts to solve their farm subsidy dispute, they knew the world had moved closer to a trade war.

However, they were almost alone in their knowledge. The television crews had already begun to focus on the imminent Bill Clinton presidential victory and the UK's Maastricht vote the following day. Few noticed the lines for a the Chicago talks only hours trade war had been drawn.

For six years, negotiators have tried to complete a trade package to open markets and inspire global growth. The broader Gatt talks have stalled over a row between US and EC oilseed producers about subsidies. World trade in the 1990s,

The curious timing of the Chicago talks, stretching over the three days before the US elections and the Maastricht vote in the UK, seemed to put unusual pressure on the negotlators to achieve a resolution and deliver a boost to their fad-

 In the end, the timing proved unfortunate. The US envoy's negotiating power ran out with Mr George Bush's projected defeat at the polls. Mr Bush was notified of the failure of before he conceded his Presidency. As he spoke on live television, his chief trade representative, Mrs Carla Hills, was reviewing her list of possible sanctions against the EC.

Champagne, flowing at many a Clinton victory celebrations last night, is expected to be among the first commodities to With your own steward, a complimentary tea or coffee, pastry or biscuits at your seat (reserved free), a journey in Silver Standard will simply fly. INTERCITY

# Keating. seeks new deal over pay TV

By Kevin Brown in Sydney

AUSTRALIA'S Labor government was yesterday pre-paring fresh legislation for the introduction of subscription television after compromise proposals received approval

from government MPs.

The proposals are the latest attempt by Mr Paul Keating, the prime minister, to meet the demands of existing media groups, potential new entrants and the government-owned Australian Broadcasting Commission (ABC).

However, the opposition par-ties which control the Senate, the upper house of parliament. responded coolly to the propos-

The conservative Liberal/National Party coalition and left-wing Australian Democrats combined to reject an earlier bill because of concern that it would allow existing broadcasters to dominate subscription services at the expense of new entrants and the ABC.

The latest proposals attempt to meet these criticisms by providing two separate four-channel commercial licences, one reserved for new entrants, plus a two-channel licence and A\$12.5m (£5.4m) start-up funds for the ABC.

Mr Keating told Labor MPs that Optus, the private tele-communications carrier which owns the satellites to be used for subscription TV, would use newly developed digital com-pression technology rather than the widely used analogue

broadcasting system. The bill will also provide protection for Australian equip-ment manufacturers, and limit foreign investment, probably to a maximum of 35 per cent of each commercial licence, with a 20 per cent limit on individ-ual holdings.



### GRINDLAYS PAYS Rs5bn IN BOMBAY ARBITRATION PACT

Grindlays Bank, Australian-owned group involved in the Bombay securities scandal, has paid Rs5.06bu (£116m) to National Housing Bank (NHB), a central bank subsidiary, against seven disputed cheques in a pack-age deal to refer the disputed transactions for arbitration, R.C. Murthy reports from

Grindlays held out for more than a month from complying with a directive of

Reserve Bank of India, the central bank, to pay the money to NHB, which claimed Grindlays wrongly credited these seven cheques to the account of Mr Harshad Mehta, the broker involved in the Rs35bn securities scandal.

The Australian bank had, however, honoured in May an earlier Reserve Bank directive to make a provision for the Rs5.06bn by bringing funds into India. Last month, Grindleys admitted at the

the breach of central bank regulations on forward trading in non-government secu-

The securities scandal, India's worst, led to the liquidation of two small banks and losses for financial institutions. The deal envisages a panel of three arbitrators acceptable to both parties; and its verdict on the dispute would also be bind-

# Prosecution drops witness in Collor trial

By Christina Lamb

IN the latest twist in the saga of Brazil's suspended President Fernando Collor, the prosecution in his impeachment trial yesterday withdrew a key wit-ness, intimating that it sus-pected a deal had been reached The testimony of Mr Paulo Cesar Farias, the alleged front man in the multimillion dollar corruption scam which brought down Mr Collor, had been expected to be crucial to

the Senate hearings.

Mr Farias had been expected to turn on his friend and former boss as revenge for Mr Collor's defence, which pins all

blame on his shoulders. Tension was high in the Senate yesterday before his scheduled appearance since his brother tions or to give credence to the chief of a crime racket," Mr Evandro Linse Silva explained Augusto had told reporters that his revelations "would

for the prosecution.
Mr Collor's lawyers said they would not call Mr Farlas to tes-"We think it is in Brazil's interest to accelerate this process and we do not think it will benefit the country to be subinterest to accelerate this pro-cess and we do not think it will

### US agency urges more Boeing 747 inspections

By Nikki Tait in New York

rock the court".

MORE thorough inspections of Boeing 747 aircraft in the wake of last month's crash of an El Al jet in Amsterdam are being strongly urged by the National Transportation Safety Board, the independent federal agency that investigates aviation accidents in the US.

The US Federal Aviation Administration, responsible for airline safety standards, has already issued a directive, ordering carriers to inspect engine fuse pins made before 1981 after every 500 landings. The FAA has also demanded

increased inspections of engine pins – which help to attach the engine to the wing of the aircraft – made after 1981. However, in a letter to the FAA, the NTSB suggests

checks should be even tougher. It recommends inspections after every 100 landings, and that inspection requirements for pins made after 1981 should be stepped up.

Yesterday the FAA said the NTSB's suggestions were being given "priority consideration". Under US law, the FAA has 90 days to accept or reject the recommendations, or put forward an alternative.

### Japan sees jump in trade surplus

By Charles Leadbealer

JAPAN'S current account surplus increased by 50 per cent in the first six months of the financial year to stand at \$7.6bn. (£35.3bn) according to figures published yesterday by the finance ministry.

Japanese government officials argue that the sharp rise in the value of the surplus is mainly accounted for by price rises reflecting the strengthening of the yen and manufacturers shifting to more up-market

However, they remain concerned that the rapid growth of the current account surplus could generate political pressure in Europe and the US to curb Japanese

export growth.
The trade balance for the six months to September rose by 29 per cent to \$66.2bn compared to the first half of last year, with a 10 per cent growth in exports to \$163.9bn far outstripping a 0.2 per cent growth in imports to

There was also a sharp turnround in Japan's net exports of capital. In the first half of last year there was a net inflow of long-term capital into Japan of \$23.7bn, as Japan's banks retrenched from international

However, in the six months to this September there was a net long-term capital outflow of \$22bn.

Japan's current account surplus in. September expanded by 34 per cent from the year before to \$12bn, with exports up 14.3 per cent at \$30bn and imports 7.1 per cent higher at \$17bn.

### Rawlings heads for victory

GHANA'S military leader, Flight-Lt Jerry Rawlings, was winning a majority in returns yesterday from the country's first presidential elections in 13 years, AP reports from Accra.

The returns showed the 46-year-old former fighter pilot with 53 per cent, enough to avoid a run-off in three weeks with his leading challenger, Prof Albert Adu Boahen. • Reuter adds from Accra: Local authorities have declared an overnight curfew in the central town of Kumasi

after opposition supporters rioted in protest against elec-

The most dramatic step was

# Damascus raises curtain to local boom

THE WELL-SWEPT streets of Damascus are lined with colonnades of cement pipes for the city's new \$350m Kuwaiti-financed sewage system. Shops are filled with imported goods and residents of the city travel to work in luxurious mini-buses.

Applications for foreign investment projects flow into the prime minister's office. Salaries are still low, power cuts are frequent and the tele-phones will not work effi-ciently until Siemens completes installation of 700,000 lines financed by Kuwait and Qatar. But Damascenes have almost stopped grumbling. The economic liberalisation

that began in the late 1980s, the gratitude of Gulf countries for Syria's participation in the anti-Iraq coalition, increased oil output and a 1991 investment law have all contributed

Over the past three years, annual inflation has decreased from 35 per cent to 12 per cent. For years, consumer goods were snnuggled from Lebanon into Syria; now the trade is reversed. And Syrian enthusi-asm for shares in new companies rivals that of the Chinese. Dr Mohamed al-Imadi, the Syrian economy and foreign trade minister for 14 of the past 20 years, is one of the engineers of Syria's reforms. Dr Imadi cites unification of exchange rates, the easing of price controls, encouragement of new investment and lower government spending as

causes for the improvement.
Syria once had 10 different exchange rates; now the country plans to move from two to a single, floating exchange rate by 1994. Syria's GNP has grown an average 24 per cent each year since 1985, while the public sector's share in the economy has decreased from 48.4 per cent to 38.7 per cent. But liberalisation has been a

slow process. "We had to change our mentality, to let people import whatever they wanted to, to stop state monopolies," Dr Imadi said. Reform began in the agricul-

tural sector, which accounts for close to 30 per cent of Syria's economy. A cautious 1986 law established several agricultural joint ventures. import equipment previously subject to state monopoly. "In the past two to three years, about 40,000 tractors and agri-cultural machines have been bought by private individuals that's more than the total in the whole country before," Dr imadi said.

last year's Investment Law. Mr

Mohamed Taghlibi, the direc-tor of the prime minister's Investment Office created by the law, says that 529 projects have been approved in the past 15 months, representing a total of \$279.5bn (£2.5bn) in investment and generating 42,000 jobs. Investors enjoy a tax holiday of up to 10 years, freedom to import equipment duty-free and repatriate profits in hard

Lara Marlowe on the flow of investment that has followed reform

The law sought an estimated \$75bn held by expatriate Syrians abroad, but investors include British and Italian poultry producers, Saudi and UAE owners of transport companies, a Saudi shipping company, and Russian manufacturers of furniture and drilling equipment. General Motors of the US is discussing a pick-up truck assembly plant.

Large industrial projects must build their own generating plants while the govern-ment expands the national grid in hopes of doubling electricity production by 1996. About 650bn cubic meters in natural gas reserves will help: electric-ity stations, factories and oil refineries are to be converted from fuel oil to natural gas over the next five years, freeing up to 150,000 barrels a day of Syrian oil for export.

Oil production, a major hard currency earner, rose to more than 500,000 b/d this year, of which 200,000 b/d are consumed domestically.

Syrian officials insist all Gulf funding has gone to project finance. "The Gulf war got things moving," said Mr Tagh-libi. Saudi Arabia is financing the \$500m steel mill at al-Zara near Homs and several textile factories. Kuwait and Abu Dhabi are financing cotton spinning mills, cement factories and irrigation projects, and the Arab Fund is building a power station and two dams.

Many Syrians are now askation may also bring political freedoms. The inner workings of the regime remain mysterious and the secret police still wield great power. Syrian Farmers were later allowed to media remain firmly under government control and foreign publications are censored. Amnesty International believes several thousand political prisoners continue to be held in Syrian jails.

As economic prospects brighten, political stability depends on 62-year-old President Hafez al-Assad's grip on

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Band	Monthly Rate	Eqv. Annual Rate
Standard**	1.10%	13.20%
Small Business Loan***	1.10%	13.20% (APR 14.0%)*

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		<u> </u>
Band	Monthly Rate	Eqv. Annual Rate
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B and C	1.00%	12.00%

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	MONTHLY RATE	APR*
Gold Service, Students, Asset Management Service and Lloyds Private Banking Visa	1.05%	13.3%
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(IN VOLUNTARY LIQUIDATION) KOTICE IS HERESY GEVEN pursuant Section 105 of the insolvency Act 1986 that a Oceanal Mostleg of the Members of the slove sened Company will be held at the offices of Single & Company, Chartered Accountasts, 19 Quota Victoria Saves, London BCR 45A, on 9th December 1992 at 2,30 p.m. to b owed at 2.45 p.m. at a General Mosting o Creditors for the purpose of receiving a sunt of the Liquidator's acts and dealing proceeding year. Detect the 28th day of October 1992. S K Single Liquidator

LIFTING GEAR PRODUCTS (ENGINEERING) LIMITED Registered number: \$61789, Trading Name Lifting Gear Products (Engineering). Trad Administrative Receivers: David John Stokes and Michael Joseph Moron, Cork Gully, I East Parade, Shellield SI 2851. Date of appointment: 28 October 1992. Officer Holder Numbers 2662. and 5562. Neuro of Appointment: National Westmineer Healt PLCs

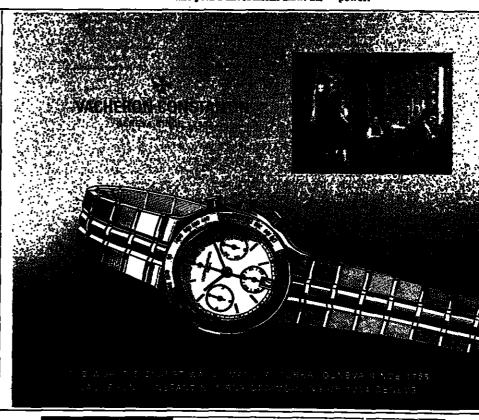
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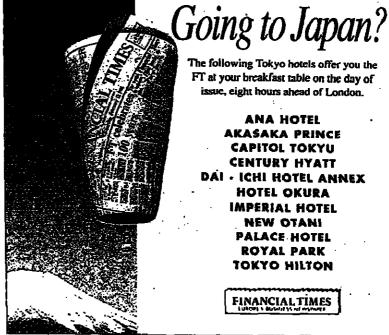
(IN VOLUNTARY LIQUIDATION)

NOTICE IS HERERY GIVEN payment to Section 105 of the insolvency Act 1986 that a General Mouting of the Members of the above named Chespany will be held at the offices of Single & Company, Chastened Accommune, 49 Queen Victoria Succe, London ECAN ASA, on 3rd December 1992 at 230 pm. to be followed at 245 pm. at a General Mouting of the Conducts for the purpose of specifing as account of the Liquidator's not send dealings and of the conduct of the whesting-up for the preceding year, Dated the 25th day of Opendon 1992 winding up for the promising year, the 28th day of October 1992

THE YORKSHIRE BOSE RESTAURANT LIMITED (IN VOLUNTARY LIQUIDATION) VOLUNTARY LIQUIDATION;
NOTICE IS HERERY CITVEN pursuant to
Socian IOS of the Insolvency Act 1966 that a
General Meeting of the Members of the show
smood Company will be held at the offices of
Singla & Company, Chartered Accountants,
49 Queen Victoria Street, Landon BCRN 45A,
an 3rd Documber 1992 at 3.00 p.m. to be
followed at 3.15 n.m. as General Meeting of ecount of the Line proceeding year. Dated the 25th day of October 1992

DENIM CONNECTION LIMITED





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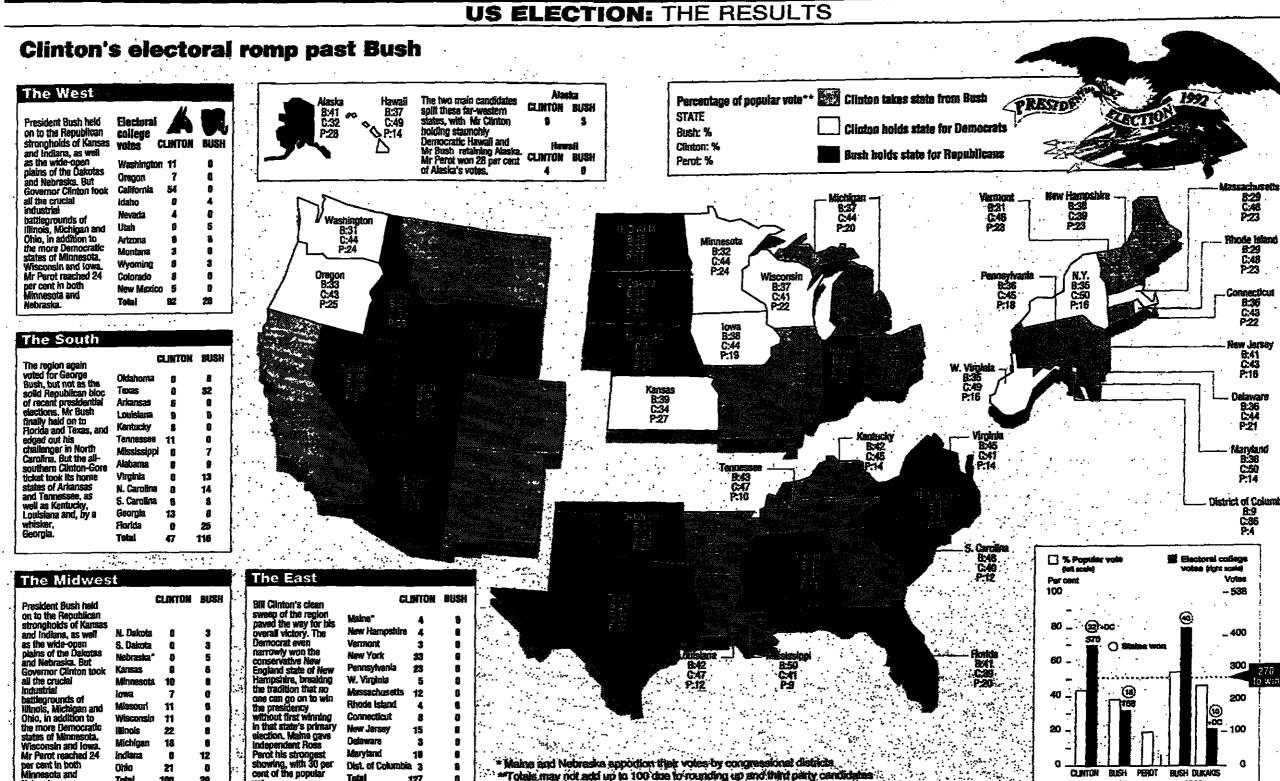
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# but many terms are limited

### By George Graham in Washington

ASK American voters what they think of Congress members in general and they will about their own member in

particular and they will cheer. Campaign strategists and political pundits agreed that this conventional wisdom would be turned on its head this year by a wave of anger against incumbents.

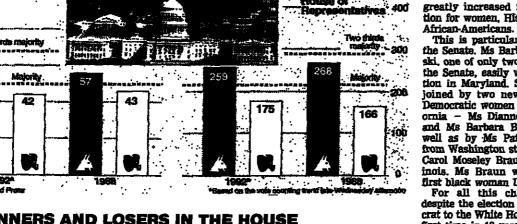
a proposition on the ballot. But, for the most part, they cheered their own representatives, re-electing most of the incumbents who had seemed at

risk. saw their electoral majorities reduced, and two dozen incumbents were defeated in the substantial figure, but a far cry from the dire predictions.

Prominent victims included Mr Richard Ray of Georgia's

abuse of the generous over-draft facilities for members by the House's private bank continued to wreak havoc. Among its victims were Ms Mary Rose Oakar and Mr Bob McEwen, both of Ohio, while Mr Nicho las Mayroules in Massachusetts and Mr Albert Bustamante in Texas were laid low by broader accusations of financial misdeeds

In the Senate, North Carolina voters were deterred from re-electing Mr Terry Sanford John Seymour, as expected,



### KEY WINNERS AND LOSERS IN THE HOUSE

By congressional district

● Alabama 6: Democratic

Incumbent Ben Erdreich was badly hurt by redistricting but did better than expected, loain 53 per cent to 47 per cent to Republican Spencer Bachus.

California 3: Redistricting cut Democrat Vic Fazio's majority to 51 per cent, his lowest in 8 elections, but he averted a stiff Democrat Vic Fazio's maior challenge from an anti-gun fornia 42: George Brown has rarely had an easy election, but the chairman of the House caused by House bank overdrafts Georgia 3: Republican state legislator Mac Collins ousted incumbent Richard Ray, who lost the district map was redrawn. Republican Newt Ginarich, top redistricting, bank overtrafts and lowa 2: Redistricting torced election, and Republican Jim Nussie edged out Democrat Dave Nagle by just 3,390 votes. • Maine 2: Republican Olympia Snowe recovered to beat Democrat Patrick McGowan for

Green candidate drawing votes from her opponent.

Maryland 1: fledistricting created an incumbent versus incumbent race, but Republicar Wayne Gilchrest got the better of Pernocrat Tom McMillen. Massachusetts 3: Incumbent Joe Early barely survived a

Democratic primary, but, as one of the worst abusers of the House bank, he succumbed to Republican Peter Blute, Massachusetts 6: Republican Peter Torkildsen easily defeated incumbent Nicholas Mavroules, indicted for racketsering, bribery and tax evasion. souri 6: Democratic state

legislator Pat Danner ousted Tom Coleman, senior Republican on the House agriculture committee. Redistricting out Montana to a single House seat, Democrat Pat Williams defeated fellow incumbent Ron Marienee. ● New York 2: Republican Rick Lazio beat incumbent Tom Downey, who came to Congress aged 25 in the post-Watergate wave and suffered from the "Washington insider" label.

New York 14: Last of the liberal Republicans, Bill Green finally tost his Manhattan Upper East

Side district to Democratic city councilwoman Carolyn Malone

Ohio 6: Republican Bob McEwen was a member of the powerful House rules committee but his House bank overdrafts dragged him to defeat at the hands of Ted Strickland. Ohio 10: Republican Martin Hoke easily beat Mary Rose Oakar, the chair of three House subcommittees but bloodled by her 213 House bank overdraft Pennsylvania 19: Republican
Bill Goodling was hurt by his 430 House bank overdrafts, but won re-election as opposition split between Democrat Paul Kilker and conservative independent Thomas Humbert.

Texas 2 Democrat Charles
Wilson survived the label "Good
Time Charlie" and held off epublican Donna Peterson, aking the most of his clout on the Appropriations Committee.

Texas 23: Hounded by a three-year FBI Investigation and by House bank overdrafts, Democratic incumbent Albert Democratic district to Republic ● Wisconsin 1: House armed services committee chairman Les Aspin came under attack for

### Yet endangered incumbents from both parties, such as Republican Newt Gingrich in Georgia and Democrat Romano Mazzoli in Kentucky shook off

their challengers.

leaders who had been tipped as possible upsets, such as Speaker Tom Foley, Ways and Means committee chairman Dan Rostenkowski, or Armed Services committee chairman Les Aspin, was defeated.

first black woman US senator. For all this change, and despite the election of a Democrat to the White House for the Congress may be prone to the gridlock that agitated voters during the campaign.

The Democrats will retain solid control of the House. With a few seats still outstanding, their majority was expected to shrink to from 266 to 259, with Republican representation growing from 166 to 175. There is also one independent, Mr Bernard Sanders, the socialist member for Vermont.

In the Senate, the Democrats have, so far, a net gain of one seat. That could be negated, however, for Senator Wyche Fowler of Georgia narrowly failed to win an outright majority, and must proceed to a runoff against Mr Paul Coverdell. In any event, the Democrats have failed to achieve the 60-

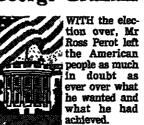
member majority needed to

override filibusters. This fail-

ure could put a brake on their ability to push through a sweeping legislative agenda. Democrats won eight of the 12 governorships up for election on Tuesday, picking up North Carolina, Missourl and Delaware from the Republi-

# Congress incumbents hang on Waiting for Perot to plot path

### George Graham finds the independent's value still unproven



\*\*Totals may not add up to 100 due to rounding up and third party candidates

The Texas billionaire's 19m votes almost exactly 19 per cent of the total cast in the presidential contest - were not enough to win him a single vote in the electoral college, but enough to erase the label of "quitter" that

per cent, one percentage point behind President George Bush. The tally left unanswered questions: Was Mr Perot the voice for a fleeting anger at the system, or for a deeper set of concerns? Were his supporters driven by his message or lured by his homespun wisecracks?

Will he press on with his campaign? Will his movement fall apart if he does not? In conceding victory to Mr Clinton on Tuesday night, Mr Perot seemed to promise to

keep up the fight.
"Is this the end or just the

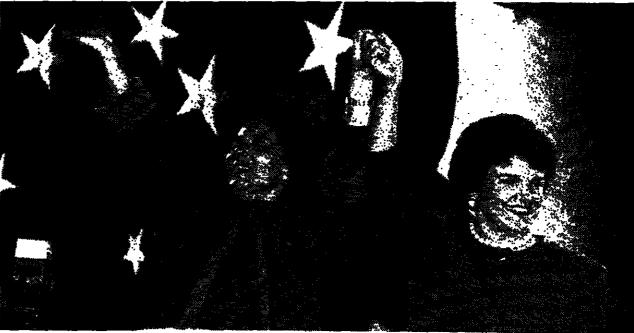
Maine, he came third with 30 more of a withdrawal - somewhat along the lines of his twomonth absence from the presidential campaign this summer - while he walted to see how the new Clinton administration was performing. "He said he hopes Pre

> Clinton would get these prob lems fixed and there wouldn't be a reason for Ross Perot in [the election of] 1996. If he has to become active again to fix problems. he'll do it, but every year is different. We'll just have to wait and see," Mr Ross

the Gramm-Rudman-Hollings deficit limitation law, and Democrat Mr Paul Tsongas. candidate for his party's presidential nomination this spring have launched a group which will concentrate on the

deficit issue. Neither man has a quarter of Mr Perot's personal electricity, but neither has his delusions - and each has four times his

perseverance, Some see Mr Perot lending a hand to the new Clinton administration on some ud hoc task force - possibly in educa-



# Invading the gentlemen's club

Francisco and Alan Friedman in New York

CALIFORNIAN voters have broken ground by electing two women to the US Senate, the first time that any state has

"Washington, ready or not, here we come!" declared Mrs Dianne Feinstein, pictured above (right), at a joint victory rally in San Francisco with fellow-Democratic Senator-elect Barbara Boxer.

in all, women won six seats in the Senate, often derided as "the most exclusive men's club in the world". Ms Carol Moseley Braun of Illinois became the first black woman to win a Senate seat, and only the third black person to serve there. She had faced controversy in the final weeks of her campaign over alleged financial irregularities, but overcame them to beat her Republican opponent Mr Rich Williamson.

Democrat Ms Patty Murray, a self-styled "mom in tennis shoes", won a Senate seat from Washington State. Senator Barbara Mikulski of Maryland

Ms Nancy Kassebaum of Kansas, whose seat was not at stake, remains the only Republican woman senator. "We will be the Cagney and

Lacey one-two punch for the state of California," Mrs Feinstein said, referring to the two female detectives in a popular TV show. Mrs Feinstein, former mayor of San Francisco, unseated Mr John Seymour, the Republican picked by Governor Pete Wilson to fill out the rest of his term in the US Senate. With just two years to

run in this partial term, she will face re-election in 1994. Well known throughout the state following her failed 1990 campaign for governor, Mrs Feinstein, 59, won 54 per cent of votes against 37 per cent for her opponent

Mrs Boxer, a five-term member of the House of Represen-tatives, narrowly defeated right-wing Republican Bruce

She won renown for blowing the whistle on Pentagon spending on overpriced toilet seats and coffee pots. However, she was rated the biggest spender in Congress by the National Taxpayers Union.

In one of the bitterest fights, Senator Alfonse "Al" D'Amato, two-term Republican from New York who spent millions of dollars on negative televi-

row re-election victory over Mr Robert Abrams, his Demo-cratic challenger. Mr D'Amato took 51 per cent of the vote against 49 per cent for Mr Abrams,

The plain-spoken Mr D'Amato's favourite campaign greeting was: "How are ya doin', Big Guy!" When he gave his victory speech at 1.20 in the morning, the senator told his supporters: "I'm not a diplomat. I'm your advocate. I'm a fighter."

Mr Abrams, a traditional New York liberal Democrat who is the state's attorneygeneral, made much of the repeated investigations into alleged ethics violations by Mr D'Amato. In exchange, the senator accused Mr Abrams of not paying his taxes on a



# Wealth of talent ready for Clinton

No party power bloc will force his hand, write Jurek

**Martin and Michael Prowse** 



not going to be or choice as he contemplates. putting government. He will also be able to select

Democrats who have been waiting for the chance for 20 of the last 24 years and a new younger generation who have come to the fore with him over the last 10 years. Most to the point, he seems beholden to no particular power bloc in the

party.

Probably the most important single job in the portfolio sounds the most mundane, that of White House chief of staff. Yet Mr Bush's failure to find a good one proved a fatal weakness in his administra-tion, while Mr James Baker's ability to direct traffic, policies and people in the Reagan first term was an essential key to

One member of the transition team believes the choice will come down to somebody most versed either in politics or government. Mr Mickey Kantor, the campaign chairman, and Mr Ron Brown, the party chairman, belong mostly in the first category, though Mr Kantor has government experience. Mr Warren Christopher, the former deputy secretary of state under President Carter, is the quintessential government man. Younger hopefuls could include Mr George Stephanopoulos, the smart young campaign com-

munications chief. Rated almost as important is the White House position of congressional liaison, again a weakness in Mr Bush's government. Any of the above could be chosen, with Mr Brown, in particular, having displayed his political skills in abundance during the year. Though

GOVERNOR in the new government, Mr James Carville, the street-smart political director of the Clinton campaign, might have earned the right of refusal. Mr Christopher is also con-

sidered a prime candidate for at least two other senior Cabinet positions - secretary of state and attorney-general (Mr Kantor might be interested in the latter, too, as could be Mr Vernon Jordan, the black lawyer and civil rights activist). Other contenders for the foreign, defence and security port-folios include at least three congressmen - Lee Hamilton of Indiana, Les Aspin of Wis-consin and Dave McCurdy of Oklahoma - Senators Sam Nunn of Georgia and Bill Bradley of New Jersey, and retired Admiral William Crowe, one of Mr Clinton's most active supporters in the military hierar-

Mr Clinton has been careful to offer few hints about the composition of his own economic team, or about the distribution of power between different groups of advisers.
Financial markets would be

unhappy if old Oxford friends, such as Mr Robert Reich of Harvard and Mr Ira Magaziner, an economic consultant, gained excessive leverage since both are seen to favour activist government policies that postget deficit.

But their influence has so far been balanced by Wall Street advisers such as the investment bankers, Mr Robert Rubin of Goldman Sachs and Mr Roger Altman of the Blackstone Group, and by Mr Robert Shapiro of the Progressive Policy Institute, all of whom pre-fer free-market policies with

The troika of Treasury secre-tary, chairman of the council of economic advisers and budget director forms the economic backbone of any administration. Mr Clinton may want to supplement them with an



may give higher profile to the commerce secretary and US trade representative.

Mr Rubin is probably the leading contender for the Treasury, with Mr Altman, Mr Felix Rohatyn, the investment banker at Lazard Freres, and former Congressman Jim Jones, chairman of the American Stock Exchange, also in the frame,

Not to be excluded, though clearly a long shot, is the prospect of Mr Clinton calling on Mr Paul Volcker, the former

chairman of the Federal Reserve and still the ultimate pillar of financial rectitude. Mr Larry Summers, now on leave from Harvard and chief economist at the World Bank. is a likely chairman of the Council of Economic Advisers, not least because he has policy-making experience in a large bureaucracy. But there are other strong claimants, such as Mr Alan Blinder of Princeton,

Mr Paul Krugman of the Mas-

the University of California Mr Shapiro, long close to Mr Clinton and a fountain of ideas on budgetary reform, must be a contender for the budget office, as may be Mr Jones or a current congressional heavyweight, like Senator Lloyd Bentsen of Texas, though his current hegemony over the finance committee is a power-

ful competing attraction.

Mr Reich can certainly be expected to get a senior posi-



Larry Summers, Warren Christopher, Ron Brown and Robert Rubin as he assembles his new team for the White House



economic security adviser. Mr Robert Hormats, once a Washington veteran and now with Goldman Sachs, also brings a wealth of experience to bear on the international front.

Mr Fred Bergsten, another Washington Democratic veteran of both government and institutional life, can hardly be

If Mr Rohatyn does not get the Treasury, then he could be offered Commerce, as might Mr The hot inside tip for trade representative, succeeding Mrs Carla Hills, is another woman, Ms Paula Stern, an expert in her own right whose husband happens to be the present head of the Clinton transition team.

There are, of course, in excess of 3,000 political jobs going in Washington. There will be at least twice that many applicants for them. which is why the city's real drums, were looking positively perky yesterday.

### Battle of ideas set to absorb the GOP

IT IS not going to be easy for the Republican party after holding the White House for 20 of the last 24 years. It will not even have the consolation the Democrats had for most of their years in the executive wilderness of running Congress, the legislative arm of government, writes Jurck Mar-

tin in Washington. Yet the GOP future is by no means bleak. The internal forces that would tear it apart are strong. There are serious differences of opinion between the socially exclusionary ideo-logical right, conventional moderates, and the new strain of conservatism, which com-bines economic tightfistedness with a liberal approach to

social problems. But, offsetting this, should be the twin realisation that out of division comes new strength of purpose and that the party lacks not in distinc-

tive leadership material. Now that Mr George Bush is heading into retirement, the nominal titular head is Vice-President Dan Quavle. Undoubtedly he has his eye on the party's nomination in 1996 and his faithful performance in this campaign, much better than his underwhelming national debut four years ago,

will have won him support.
For the moment Mr Quayle is the standard-bearer of the ideological right, more so than Mr Pat Buchanan, the polemicist who challenged Mr Bush in the primaries. But his hand-icap remains the perception, reinforced by the election results, that he is still not intellectually worthy of the presidency. That cannot be said of some other challengers.

bly not be one of these. His distaste for electoral politics is palpable. He might not turn him, but it is difficult to see him seeking it out aggres-sively, not least because he will be in his late 60s by the time 1996 comes round.

The younger Republican tious. Mr Jack Kemp, the housing secretary, had a good election, proving himself faithful to his president but distinctive in his advocacy of greater government and private-sector

Mr Dick Cheney, the widely respected defence secretary, was also conveniently above the fray of a losing campaign. A moderate in most matters, which is not true of the enthusiastic Mr Kemp, and with few political enemies, he looks more able than most to recon-

cile the party's factions. Governor Bill Weld of Mas sachusetts and Mr William Bennett, the former education secretary, represent best the new strain of conservatism. with Mr Weld, because of his greater exposure, the more

advantageously placed. But all will have to reckon with the grass roots force of the Christian right and its skilful political mastermind, has an extensive agenda for the future.

If the Republicans follow the Clinton model, there will soon be a mini-proliferation of new think-tanks, trying to win the

# sachusetts Institute of Technology, and Ms Laura Tyson of Corporate America nervously awaits new order

FTER 12 years basking under laissez-tane, publican business Republican corporate administrations, corporate America is nervously awaiting an activist Democratic president whose legislative programme has far-reaching impli-cations for both US and foreign companies.

Despite the anxiety, Mr Bill Clinton has a reasonably strong pro-business record as governor of Arkansas and nanaged to pick up the election endorsement of many more top executives than other

recent Democratic candidates. He has put the revitalisation of the US economy at the top of his agenda and his aides are promising early action in two areas which should win strong business support: an invest-(£12.2bn) a year programme of infrastructure spending, which should benefit the construction, telecommunications and environmental services indus-

However, businesses fear that some of Mr Clinton's other pledges, particularly in the area of healthcare insurance, ioh traming and labour relations, could impose onerous new costs on them, while foreign companies are extremely concerned over his threat to

tax them more heavily. The impact of the new policy mix remains highly uncertain. since Mr Clinton has yet to fill his cabinet posts and his published plans consist of little more than vague campaign

However, some broad themes ☐ Foreign companies may suf-

fer in two respects. First, Mr Clinton has promised to "crack down" on those which "prosper by manipulating our tax laws to their advantage". This may involve new rules

to prevent multinationals abusing transfer pricing - the price they charge US subsidiaries for goods - to avoid payBy Martin Dickson in New York

approach would be to support a discussion document floated by two senior congressmen last summer, which suggested arbitrarily taxing foreign compa-nies on the basis of the average profitability of US companies in their sector.

Second, foreign companies may suffer from a more protectionist attitude to the takeover of US businesses. For example, Mr Clinton said

recently he would oppose the proposed acquisition by British Airways of a 44 per cent stake in ailing USAir because if the deal went through US carriers would get no additional access to the British market. ☐ Tax. Mr Clinton plans quick

action to provide a "targeted" investment tax credit, which US business has not enjoyed Ms Gillian Spooner, a partremains unclear what kinds of investment will be covered and whether the credit will be incremental - in other words dependent on a business increasing its investment over the level of preceding years.

There are also plans to encourage new small businesses by allowing long-term investors in start-ups to get 50 per cent of any gains excluded from the tax net. in common with Mr Bush,

Mr Clinton has promised to make permanent an annual tax credit for companies investing in research and development and to set up enterorise zones in the inner cities.

☐ Health insurance. A key campaign pledge has been reform of the US healthcare system, aimed at making adequate medical aid available to all and holding back rocketing health costs. The drug and

hurt by promises to attack the "price gouging" of the former and the underwriting policies of the latter.

Mr Clinton is also expected

to mandate that all employers provide healthcare insurance for their workers, though they would get some form of federal aid in the early years. Many businesses, particularly small ones, are likely to complain that this is an extra financial burden which will costs jobs.

larger question, argues A Mr Steve Raetzman, of management consultants Towers Perrin, is whether Mr Clinton might look to business as a source of revenue to fund his healthcare pledge. He might seek to reduce the favourable tax treatment of employers' health insurance payments, currently treated 100 per cent as an oper-

spend 1.5 per cent of payroll for the continuing education and training of its workers. That may not be too arduous for large companies, but once more it may be a severe burden for smaller businesses. ☐ The environment. Busi-

☐ Worker training. Mr Clinton

will require every employer to

nesses guilty of pollution are likely to be fined or taxed more heavily, while tax incentives are promised to encourage use of alternative fuels and recycled materials. The motor industry will have to meet tougher fuel efficiency requirements by 2000 and other sectors may face more onerous pollution standards

Telecommunications. The new administration supports the idea of nationwide communications infrastructure based on highly efficient fibre-optic technology. It is not clear who would pay for this and which companies would benefit. The record of Mr Al Gore,

gests the administration will encourage a big role for the giant, cash-rich "Baby Bell" regional phone companies. which are presently discouraged by regulatory and legal restrictions from investing in Ilbre-optic networks and want more freedom to provide video services to the home.

☐ Labour relations, Mr Clinton owes election debts to the labour movement and corporate America fears that unions. which have lost a great deal of power over the past 12 years, may regain some ground. The president-elect has pledged to sign the Workplace Fairness Act, which would ban the permanent replacement of striking workers. "The great concern in labour

law is what he is going to sign when a liberal Congress presents it to him," says Mr David Rhodes of consultants Towers Perrin who suggests the outcome will have a significant effect on American industry's

# FOR George Bush it was not supposed to end like that, Rather than a grace-trace to leave after only four, the listory books, he leaves after only four, the list elected Republican president since the forget-table Herbert December 19 and 19 ner at the accounting group Ignominious end for a paradoxical president



turfed out after a single term.

Even more sadly, a gracious concession speech on election night could not expunge the sour taste that his foul campaign had left in the nation's mouth. This further reduced the respect he had earned for having done some things well during what will come to be seen as, at best, a transitional term in office and, at worst, a negligent one.

Nor could he have expected that his own nation would so turn against him. Had he not, as he would have it, won the cold war, reunified Germany, stood firm during the attempted Soviet coup thereby encouraging democracy in Russia, and brought Saddam Hussein and Manuel Noriega to heel? Even though he began to concede this

year that perhaps he might have paid more attention to domestic affairs and that, perhaps, the economy had not performed to expectation, he never gave the impression he could be blamed for not solving every problem. Of the economy he would say: "It's bad, but, hey, not that bad."

Nor did he seem to realise that perhaps his country had really read his hips and did not trust him that much. His public

ble of turning a blind eye to those who may break the law on his behalf. For a man who made it all the way to

the White House it is paradoxical to state that he has never been a great electoral politician. Set against his losses - twice for the Senate from Texas in 1964 and 1970 and for the Republican nomination in 1980 - have been two terms as a congressman from his state in the 1960s and, of course, the presidency itself in 1968. The enduring feature of all those races, except possibly 1980, has been his willingness to conduct

ruthlessly negative campaigns, even when they have not appeared to be necessary. But if Mr Bush saw elections as a necessarily dirty rite of passage, to be approached with all the cynicism to be mustered, there was also the assumption that he saw the presidency as something

else - a test of his own manhood. His long public career had always been dependent on patrons - in order, Goldwater, Nixon, Rockefeller and Reagan, who encompass the full range of Republican beliefs and experience. He owed more than a little of his winning campaign four years ago to Mr Ronald Reagan, but at least when he inherited the White House it was to have to face up to question after que

### George Bush's vitriolic campaign lost him the respect he earned while in office, writes Jurek Martin

of the Soviet Union. In most of these he was not found want-

ing as a crisis manager. He encouraged democracy in eastern Europe, while leaving the leading role in economic assistance to the European Community; he stood firmly behind Chancellor Helmut Kohl in the great debate about German unification; his finest moment, if not hour, was a critical comment when it seemed that the anti-Gorbachev putsch was going to work. "Not all coups succeed," were his words, which looked awfully good compared with the simultaneous equivocations of the likes of President François Mitterrand. His finest campaign was undoubtedly his diplomatic and military triumph in the

Gulf war, although Mr Bush is now going

sion of Kuwait by Iraq, and the dissolution national responsibility and burden sharing and a leading role for the United Nations, there was a sense that he was on to something substantive.

It could well be said that the first 21/2 years of his presidency were indeed a success. He seemed a man of purpose, which makes the failure of the balance of his term all the more difficult to understand. Even his signing of the 1990 budget legislation, containing the very tax increases which two years before he had promised he would never allow, was considered at

statesmanship. It was hardly surprising that 15 short months ago so few Democrats felt like taking him on.

the time by all except the ideological right

wing to be an act of responsible domestic

much that policy mistakes were made ~ indeed his administration and the Federal Reserve pushed most of the buttons available to them - but more that the president seemed blithely indifferent to the real domestic world outside the White House.

The word got out that he had "lost touch" with his own country and the concerns over health care, education, narcotics, crime, unemployment that were so much on the mind of average people. This year has read like a catalogue of

disasters: an ill-conceived and ultimately disastrous trip to Japan, a divisive Republican primary campaign, an ineffectual response to the deeply disturbing riots in Los Angeles, perpetual "gridlock" in relations with Congress, veto after veto of popular legislation, a grudging and meanspirited excursion to the Earth Summit in Rio de Janeiro and, as politically damaging as anything, a vindictive and confrontational Republican convention in Hous-

There were also growing and public divisions inside his own government. Mr John Sununu was an abrasive White House chief of staff and his successor, Mr Sam Skinner, ineffective. His economic advisers Brady, Darman and Boskin - were not of one mind. They often did not seem to know whether to support Mr Alan Greenspan at the Fed or undermine him. Mr Jack Kemp, the housing secretary, made no bones of the fact he felt semi-detached. The conservatively pure, always suspicious of Mr Bush and Mr Baker, began crats felt like taking him on.

Open assaults, suggesting that the weak end of the Republican ticket was Mr Bush

Mr Bush's reactions to these events were unpredictable, contradictory and defensive. The last was arguably the worst offence; he began to whine and blame others, a trait that Americans, like others, do not find attractive. By the time he finally brought Mr Baker back to the White Houser to sort it all out, the rot had set in and the economy was definitely not

getting better. Suddenly the old suspicion that Mr Bush (and Mr Baker) lacked strategic vision and a sense of purpose took hold again.

The negative campaign against Mr Clinton only served to reinforce this. It began to be written and said repeatedly that the only reason Mr Bush wanted to be president was "to be president". One of his less felicitous early election year pronounce-ments - "I will say or do anything to remain president" - was increasingly used in evidence against him.

The paranoia of Mr Ross Perot, the indendent candidate, may know no bounds, but Mr Bush did sanction dirty tricks against his opponents. There is no other explanation for his political appointees at the State Department nosing round the Clinton family passport records.

But, to the president, "you gotta dish it out and if they can't take it, too bad". In the end he was reduced to the most demeaning of insults against Mr Clinton and, finally, the public concluded that this demeaned Mr Bush more than the recipi-

Yet it is also typical of George Herbert Walker Bush, a Yankee patrician, that he was publicly gracious in defeat. That is the ultimate dichotomy.

# Clinton puts paid to Reagan-Thatcher era



Thatcher era is over at last, writes Edward Mortimer. That was the instinctive reaction of many Europeans

defeat by Governor evidence is mixed, but belief in global political currents, flowing across frontiers and oceans, is

Sir Ralf Dahrendorf, Warden of St Antony's College, Oxford, thinks Mr Clinton's victory will be both a symbol and, by its example, an

He sees the change as partly one of generations, but also one of poli-cies, "towards a greater emphasis on things social".

The 1990s, he says, will not be deliberately redistributive of wealth, as the 1960s were. The supply side will not be taken for granted, but the emphasis will be on "entitlement", and more attention will be given to the employ-ment consequences of economic decisions. The economy will no lon-

In the 1980s - the Reagan-Thatcher decade - the emphasis was on the supply side. It was the age of tax-cuts, privatisation and deregulation; of the leveraged buy-out and the real-estate boom. In the early 1990s, those chickens have come home to roost. Right across the industrialised world, rapid debt deflation has choked off growth, bringing a rise in unem-

Such changes almost inevitably have their effects in the realm of politics. "In the late 1970s," says Sir Raif, "nobody could get them-selves re-elected. In the late 1980s, it seemed no one could get themselves de-elected. I have long expected that we should see massive change in the early 1990s."

Professor David Calleo of Johns Hopkins University, Washington, also sees the idea of "a more efficient and active public sector" as

being at the heart of Mr Clinton's tion came just too soon for it to

appeal.
The flood tide of neo-liberalism, the idea that the market will decide everything, is over," Mr Calleo says. "But the old antithesis of big state versus little state is in a way beside the point. The argument is for a more efficient state, politically stronger but administratively less intrusive, not growing in all directions automatically. That's the theory. We don't know how it will work in practice."

For the British Labour party these analyses have two possible implications; either it has failed to articulate the new trend, being still infected with old-style 1960s inter-

A THE CONTRACT OF THE PROPERTY OF THE PROPERTY

But changes in policy are not always reflected in party labels. In France and Spain Socialist parties were in power throughout the "Reagan-Thatcher decade", and, mutatis mutandis, applied Reagan-Thatcher policies with vigour, to the dismay and discomfiture of many of their grass-roots supporters, notably in the trade union

Sir Ralf Dahrendorf says he had thought "Mr Major and his genera-tion" would implement the new 1990s thinking in Britain, while retaining the Conservative label, and admits to being disappointed that this is not the case.

In Germany, where he was him-self a Liberal (FDP) politician in the 1960s and 1970s. Sir Raif points out that in the 1980s the ruling Christian Democrats, hitherto proponents of a "social market economy", became much more Thatcherite; and he expects them to move back under any of Chancellor Hel-

mut Kohl's possible successors. The country that will have most difficulty in adjusting, he thinks, is France, which is approaching elections next spring "with all the old characters". He quotes a French friend as saying France will experience the change "in the new millennium and not before", but he himself thinks "things may slide more rapidly, in the next few mouths".

we are in for a decade of gigantic redistribution struggles," in which most people's real incomes will fall and there will be intense pressure for the pain to be equitably shared. In the short term fiscal deficits will widen further and, "though I shudder to say it", the result will almost certainly be a return to high

Mr Calleo too sees a potential conflict between two types of demand for change: Mr Clinton's emphasis on government spending, on infrastructure, schools etc on the one hand, and the demand for halanced budgets and financial stringency expressed by Mr Ross Perot on the other.

# Leap into unknown for nervous **EC** leaders

EUROPE will miss President George Bush. However Mr Bush was viewed by his fellow European leaders as a predictable ally. President-elect Bill Clinton represents a leap into the unknown. This at least was the initial assessment in

Brussels yesterday. The Clinton campaign has sent signals about its desire for continuity in US foreign policy; but questions remain about how a 46-year-old governor from Arkansas, with next to no experience in foreign affairs, will approach Europe, espe-cially now that relations between the US and the EC

have turned decidedly sticky. The tensions between the two in the Gatt trade talks are symptomatic of a wider lack of transatlantic co-operation. The sense of drift has grown as the global recession has deepened and national leaders have gone their own way.

### Some believe Clinton would be delighted if Bush could secure a Gatt deal

"We're in the middle of a hurricane, but we're still trying to do business," said a senior White House official just before the November 3 election, "and you people in Europe are worrying about the French farmers in elections six months down the road."

For Mr Jacques Delors, European Commission president, the Gatt talks have turned into a trial of strength in which no side can afford to lose face. As Mr Clinton will discover, Mr Delors is reflexively anti-American on some issues. He believes the EC should resist US pressure on farm subsidies because "it is important for an adolescent Europe to say No to

Big Brother (America)". This view is widely held among Europhiles in Brussels who fret about US claims to world leadership and hanker after a partnership of equals: but at the same time, officials worry that the US may decide to go home, leaving a security vacuum in Europe. In a speech in Boston in 1989, President Bush recognised

an unequivocal welcome to European economic integra-

Subsequently, he awarded the EC a co-ordinating role in eastern Europe, invited Mr Delors to Washington as a quasi head of state, and gave an enthusiastic welcome to the Maastricht treaty on European union. Behind the scenes, however, frustrations continued to build as European aspirations foundered, first in its dilatory response to the Gulf crisis and then in its ill-conceived rush, under German pressure, to recognise Croatia and Slovenia - thereby exacerbating the

Yugoslav civil war. The US was also alarmed about Franco-German plans to form a new Euro-corps, the potential nucleus of a future European army sketched in the Maastricht treaty. US diplomats privately denounced the corps as a challenge to the primacy of Nato as guarantor of European security.

Enter Mr Clinton, the man who declares it is time to rebuild America, who puts the restoration of US economic strength as top priority. Two questions arise: will his "America first" rhetoric lead to a more confrontational and protectionist trade policy; and will his interest in domestic affairs accelerate the trend toward IIS disengagement in Europe?

Mr Manfred Wörner, Nato secretary-general, attempted to dispel concerns yesterday, describing Mr Clinton as a "fervent supporter of the Atlantic alliance". But some senior EC officials are not entirely reassured by the Clinton camp's answers. (The EC delegation in Washington only received official biographies of Mr Clinton and his running-mate Senator Al Gore on election day; more seriously, officials in Brussels are awaiting the first senior

foreign policy appointments). Economic questions remain paramount. Will Mr Clinton pursue his plan to increase taxnies to help reduce the budget deficit, even at the expense of job-creating inward investment? What steps will he take to spur a US recovery? In the last resort, however,

much will ride on the Gatt talks which have now become a litmus test for whether the US and EC can balance the need for political co-operation with economic rivalry.

For this reason, many offi-cials in Brussels believe Mr Clinton would be secretly delighted if Mr Bush could pull off a deal because it would avoid a damaging row with the allies just as he takes office in



LAST TANGO IN LITTLE ROCK: on their way to the White House Mr Clinton and his wife Hillary celebrate the start of a new political life

Washington will not be allowed to forget former communist adversaries

# Old Soviet bloc will demand attention

London, Leyla Boulton in Moscow and Chrystia Freeland in Kiev

THE Cold War ended during President Bush's watch. But with hyper-inflation, economic dislocation and ethnic conflicts now stalking Russia and other former Soviet republics, and central Europe worried about the spread of ethnic conflicts from Yugoslavia, the region is likely to intrude on the priorities of President Clin-

A central question for east Europeans is how far and how fast Mr Clinton will withdraw

By Stephen Fidler, Latin America Editor, in Mexico City

THE defeat of President

George Bush will initiate a

period of uncertainty across Latin America. Although most

governments will naturally

declare their contentment with Mr Clinton, most would have

preferred the continuity of

With the exception of two

issues - the proposed free trade agreement with Mexico

and Canada and Mr Clinton's

desire to see the end of the Castro government in Cuba

vided little insight about the

incoming administration's atti-

tudes to Latin America.

and the second s

another Bush term.

US troops from Nato, an alliance which leaders of the new post-communist democracies see as an essential element in their own security.

Unable to secure a firm time-table for their entry into the EC and denied a formal extension of the Nato umbrella beyond the German border, the states of central Europe in particular see a continuing US military and political presence as a long-term reassurance against possible unpredictable

upheavals in the former Soviet Union which could de-stabilise their fragile democracies. In military terms the risks

Latin Americans look

anxiously across border

During the campaign, Mr Clinton cast doubt on the value

of US aid programmes and

trade concessions such as the Caribbean Basin Initiative: bad

news for the reconstructing

economies of central America

and small Caribbean countries.

His qualified approval of the North American Free Trade

Agreement coincided with high

praise for President Carlos

Salinas of Mexico. On issues relevant to most of the rest of

From the Latin leaders' per-

spective, however, Mr Clinton

shares neither Mr Bush's expe-

rience of the region nor his

friendship with many of its

leaders. They also expect their

nent. Soviet troops have withdrawn from Hungary, Czechoslovakia and Poland and are leaving their bases in former east Germany. But, as the current slowdown in troop withdrawals

Ukraine still have by far the

biggest armies on the conti-

from the Baltic states indicates, the Russian military could in future resume a more active role. Of greater immediate con-

cern is the rising tide of economic refugees and evidence from Yugoslavia that without

Mr Carlos Bolona, Peru's

economy minister, believes Mr

Clinton's arrival at the White

House will lead US Latin America policy to be more ori-

ented towards human rights,

the environment, the fight against drugs and promoting

By contrast, the Bush admin-

istration emphasised economic reform and trade, a policy that

coincided with the agendas of

Despite fears among Latin

most Latin American leaders.

governments, there is a wide-

spread view in Washington

that shifts in US policy will not

be dramatic, partly because

Latin America is the fastest

democracy.

Nato countries lack the will to Poland has described US tackle the potential ethnic conflicts throughout the area. The danger is that eastern Europe will expect too much from a US which is home to millions of ethnic Poles, Slov-

ganda, the promised land for millions or ordinary people and a model for governments. role in eastern Europe is also present in the economic sphere

aks, Ukrainians and others,

and still represents, despite

decades of Cold war propa-

The longing for a strong US where US investment, especially by multinational companies, is regarded as doubly

investment as equivalent to having US divisions on Polish Russia too sees a special rela-

tionship with the US as crucial. Having been bankrupted by military competition with the US, Russia looks to its forton's apparent determination mer opponent for help in converting military industries to civilian use and restoring order and profit to its farms and oil and gas industries.

Russian President Boris Yeltsin was among the first to congratulate Mr Clinton, adding that he hoped the new administration would "actively sup-

### valuable. President Walesa of **UK savours links** with 'Univ man'

MR Bill Clinton's time spent beneath the dreaming spires of Oxford may not, by itself, be enough to turn Washington into Camelot when he moves However, Britain yesterday was halling the prospect that its "special relationship" with

the US could be given an additional polish as a result of Mr Clinton's Oxonian connections. The Foreign Office yesterday underlined that Mr Clinton who was a Rhodes Scholar would be the first US president to have studied at Oxford. "There will be a sentimental attachment," a Foreign Office spokesman said. "But they (the Clinton administration) will be

America, just as we are trying to do the best for ourselves." Mr Douglas Hurd, the foreign secretary, took a break from cerned that America will worrying about a US-European reduce the role it has played in trade war to welcome the prospect of working "very well" with the new president Prime Minister John Major is likely to meet Mr Clinton during a

the end of the year. Dons at the 13th century University college, where Mr Clinton studied in 1968-1969, issued a message of congratu-lation. The Master and fellows said they were "delighted" at tory. The Arkansas hotel the election of a "Univ man" to the US presidency. The college has endured months of harass-

# Barely a note of discord from Japan

By Our Tokyo Staff

IF Governor Bill Clinton's policies towards Japan are a reflection of his appetite for singing with karaoke machines, relations between the US and Japan should take a sharp turn for the better.

Officials from the Arkansas state office in Japan yesterday recalled that during the most recent of his three visits to Japan in 1988 the presidentelect and his wife sang in an Osaka karaoke bar until 2am.

Mr Satoshi lue, president of Sanyo Electric, the first Japanese manufacturer to invest in Arkansas, who was the Clintons' guide that night, remarked: "He enjoyed going in a video arcade, sang very well and fascinated people by playing the saxophone like a

Mr Iue, who has known Governor Clinton for 14 years, added: "I do not believe the close relationship between Japan and the US will change." However other Japanese leaders gave Mr Clinton's victory a more cautious welcome. Expressions of gratitude for President George Bush's foreign policy achievements were combined with the uncertainty of losing familiar Republican policymakers and apprehension that Mr Clinton's focus on lead the US to withdraw from

an active international role. ton's apparent determination to boost US industrial competitiveness on the grounds that a strong US economy is in Japan's best interests. But they worry that a revival might come at the price of a more assertive anti-Japanese trade

Prime Minister Kiichi Miyazawa congratulated Mr Clinton and urged the US to continue to play a world leadership role. The premier said that relations with the US would remain the cornerstone of Japanese foreign policy. Mr Take-shi Nagano, president of the Federation of Employers Assoclations, said: "It appears the trying to do their best for Clinton administration will strengthen attention to domes-

> "On this point I am coninternational politics."

A off

Mr Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, said: "I am concerned that should be planned trip to the US before fail to reform the fiscal deficit or bring about economic recov-ery it would bring about a harder line toward Japan." One Japanese company already claims to have played a vital role in Mr Clinton's vicwhich served as his campaign

# Uruguay Round set to simmer on back-burner

By David Dodwell, World Trade Editor

FEARS in Europe and Japan that Mr Clinton will take a tougher stance on trade issues - with the possibility of edging the US towards voiced yesterday. The fact is, however, that he remains an unknown

Mr Clinton has been deliberately, and perhaps cleverly, coy on trade issues. All he was willing to say during one of the presidential debates was: "I'll have a free and fair trade policy, a hard-headed realistic policy, and not get caught up in rubber-stamping everything the Bush administration did."

He has said in general terms that

he supports the Uruguay Round, and has described the free trade pact with Mexico as desirable, but only if accompanied by a national economic strategy. When you get past agriculture,

Clinton's people really will have to make choices among competing political interests, and it would be awkward, if not bizarre, for the outgoing administration to make decisions with which the incoming president may disagree," said Mr Harry Freeman. Mr Freeman is executive director of the MTN Coalition, a non-partisan business grouping organised to get a Uruguay Round package passed by Congress. "It would have been difficult for Clinton to redo things that have already been agreed - but that difficulty

ended on Tuesday night," he said. The first consequence of a Clinton victory, therefore, is the collapse of present efforts to agree a Uruguay Round package. Having sidelined trade issues during the campaign. there is no reason to believe Mr Clinton will promote them to the top of his political agenda on January 21. A long delay can be expected before serious negotiations on the Round can resume

He is likely to be successful in negotiating Congressional renewal of "fast track" legislation which effectively expires next March, and which is essential for smooth ratification of any Uruguay Round deal. But a Clinton administration is

Trade Representative's Office. This implies a need to unravel the draft Uruguay Round agreement that has taken six years to bring to the table - with uncertain reactions by the other 104 contracting parties to the General Agreement on Tariffs and Trade (Gatt). The most controversial new priorities are likely to involve "non-traditional areas" like workers' rights, human rights and environmental concerns. How tough he will be in forcing these issues on

to the trade agenda is unclear. Trading partners wonder whether Mr Clinton will be as zealous as his predecessor in blocking the more protectionist excesses of Congress. Mr Michlo Watanabe, Japan's for-eign minister, noted: "The Demolikely to have priorities that do not eign minister, noted: "The Demo-match those of the present US cratic party has been supporting

trade protectionism and attempting to put a brake on the sale of cheaper Japanese goods. It's possi ble [that a President Clinton] would reactivate [Super] 301."

Super 301, a potent modification of Section 301 of the US's 1984 Trade Act, would permit Washington to impose tariffs of up to 100 per cent on exports of a country that refused to open its markets to US goods. A trade bill passed by the House of Representatives in July and now before the Senate would renew for

five years the Super 301 clause, which expired two years ago. While President Bush had been poised to veto the bill, no one has yet determined Mr Clinton's reaction. The tendency to prefer bilateral settlement of trade disputes implied

principals that disputes should be settled multilaterally, and is feared by many US trading partners.

Japan has been targeted in part because of its mounting trade sur-

in Super 301 is at odds with Gatt

pluses with the US. But it is not

alone. Other countries in trade surplus with the US, like Taiwan and China, may fear similar treatment. Indeed, unless Beijing hastily secures the safe haven of Gatt membership - as it is trying to do by next March - it will be in grave danger of losing its most favoured nation trading status with the US. which has remained in place over

the past four years thanks only to Mr Bush's success in flercely-fought veto battles with Congress.

Mr Clinton has also hinted that

he would take a tougher view on "anti-dumping" action against "unfair" traders. Such actions already widely abused by the US and the EC in defence of uncompetitive but powerful domestic industrial interests - were due for reform under the Uruguay Round. The hint of their wider use is seen by the US's trading partners as a dangerous pointer in the direction

Clinton supporters nevertheless insist that "while it is right to be cautious, it would be wrong at this stage to make judgments". Said on Washington-based trade

of protectionism.

lobbyist: "If I were you, I would give Clinton a chance - you might be surprised. You will have to hold your breath a while."

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The state of the s MR JOHN Major set about the biggest fight of his political career yesterday by arguing that the crucial issue at stake was whether or not Britain would play "a central role in Europe's future development."

In a speech targetted at his Euro-100 Mg sceptic Tory critics and his pro-EC Liberal Democrat allies, he insisted that ratification of Maastricht was a vital national interest.

"I don't believe it is credible for this country to sit on the sidelines of Europe and let other people determine

policy." he said. Using words tailored for the sceptics in his party, he supported the pro-Maastricht party, he aimed a pect looked increasingly unlikely

frustration on the fringes."

He went on to claim progress had been made on creating a framework for a definition of subsidiarity at the Birmingham summit and said the Danes had now clarifled their desire for additions to the treaty that met their concerns without a renegotia-

Turning to Labour, Mr Major world cheers from the Conservative supporters by charging that the amendment tabled by the opposition was "a

Exploiting the fact that Labour was arguing for a delay in ratification while also claiming to be a firmly

In spite of being a long-time pro-European, the opposition leader was "hiding behind the Danes" to disguise the splits in his own party," he said.

"The right honourable gentleman's principles have been cast adrift on a sea of expediency," he added to loud

After winning noisy Tory support for these attacks, the prime minister then attempted to address what he acknowledged were the "genuine concerns" of the doubters.

He underlined that his negotiation had firmly established Britain's right not to proceed to Economic and Mone-tary Union, adding that such a pros-

successful persuasion of its European partners to keep key policy issues such as security and foreign affairs at an inter-governmental level and outside the competence of the European

Mr Smith, however, said the Tory motion contained no ringing declaration about the future of Europe which would rally the troops under the

Instead it had all "the hallmarks" of the prime minister and was the product of the internal machinations of the Conservative party. Mr Smith argued that further proceedings on the bill should be delayed until after the Edinburgh summit in Decemberish government for staging a second referendum on the Maastricht treaty would be clarified.

But the prime minister warned against any delay, saying: "It would be a fatal cocktail for the future interests of our country if we were to shrink back from meeting the agreement which we freely entered into.

"I have to tell the House and I have to tell the country that we cannot continue to make a success of our membership of the Community unless we ratify the treaty that we have agreed to.

"That is my clear judgment and would be doing the country a disser-vice, if I did not back that judgment with all the force at my command."

### **Britain** in brief Sizewell critic



### Planning costs estimated at £600m by CBI

Delays in the planning process are costing British business £600m a year, much of which could be saved by better procedures, according to a study published by the Confedera-

tion of British Industry. The study, drafted in con-junction with the Royal Institution of Chartered Surveyors, calls for the streamlining of the planning system, with better business input at all

This would be sponsored jointly by government departments responsible for the environment, transport, industry and agriculture, and would draw together a national framework for land use and infrastructure planning for a five-year period

### Housing starts fall by 7%

Further evidence of the gloom in the construction industry emerged with official figures showing that housing starts a key leading indicator of economic activity - fell 7 per cent in July-September compared with last year.

The ligures from the Envi-

ronment Department came as the Royal Institution of Chartered Surveyors said shortage of work, fee competition and lower tender levels were producing a "vice-like squeeze on profitability".

And the British Aggregate Construction Materials Industries (BACMI) reported a marked decline in sales of all materials through the third quarter, with demand in September "dropping like a stone" after a stable performance in

# All's fair in

A Mori poll of business travellers found that many companies are instructing executives to use cheaper hotels and flights. The survey of 400 senior executives and secre-taries for the Wagons-Lits almost a third of the companies questioned everyone travelled in the same class, regard-

less of their position.

# business class

# tourist trips

in August - a 4 per cent rise on August 1991, and their spending rose 2 per cent to £995m. A record 1.47m of the tourists were from western Europe. The British Tourist Authority predicted that tourist numbers would grow because of the fall in the value

steep devaluation of the pound.
Mr Hughes said GM was

planning to increase its pur-

chasing of components in the UK - it has transferred the

purchasing of around £200m

development centre at Rüssels-

The investment at Ellesmere

# backs N-design

The leading critic of a computerised safety system being developed for the Sizewell B nuclear power station has withdrawn his concerns about the design.

Mr John Cullyer, professor of electronics at Warwick University and a leading figure in the British Computer Society, says he is satisfied the £25m system will be acceptably safe. The Nuclear Installations Inspectorate has yet to approve the system, but says it expects to be able to do so within the next few months.

### Director jailed for forgery

A former marketing director of the Welsh Development Agency forged a Home Office minister's signature on headed notepaper to help him land the £40,000 a year job. Cardiff

Crown Court has been told. Mr Neil Smith, from Walsall, central England, had produced a glowing reference from Mr Peter Lloyd, a junior minister. He had also claimed to have held senior jobs with Laker Airways Polly Peck, and had awarded himself a Master of Business Administration degree from Madison Business School, Wisconsin.

Mr Smith, who had served three previous sentences for deception, admitted forging and then using references and resumes to obtain pecuniary advantage and was jailed for

### New hitch at **British Library**

The opening of the new British Library, which was due to take place next year after long delays, has now been postponed indefinitely. The library blamed further problems with the £450m project on construc-tion problems at the new library's site on Euston Road.

The library has caten into its book-buying budget to finance the move to the St Pancras site in central London -the biggest civic development this century and Dr Brian Lang called for more

Government help. Remedial work is being carried out by a firm hired by the government's Property Services Agency, in charge of the development.

The library, which had been scheduled to open in 1991, will not now open until at least

closure of London hospitals are likely to be finalised around the end of January, according to Dr Brian Mawhinney, health minister.

Dr Mawhinney has this week ublished last month.

### Barely **Minister** note exports approved discon to Iraq

MR ALAN Clark, the former trade minister, approved the export of machine tools to Iraq knowing they could be used to produce arms, he told an Old

Bailey court yesterday. Mr Clark also admitted advising Matrix Churchill and other British tool makers exporting machines capable of making arms to draw up speci-fications which stressed their peaceful, rather than military,

He denied, however, this amounted to tipping off the companies how best they could get around government guidelines on the export of arms to

Mr Clark also agreed that he thought both that the govern-ment's guidelines were "tiresome and intrusive" and that it was in Britain's best interests for the Iran-Iraq war to continue as long as possible. Mr Clark was giving evi-dence in the trial of three former directors of Matrix Churchill, the Coventry-based machine tool company, who are accused of deceiving the Department of Trade and Industry by pretending that equipment exported to Iraq

was for civil, not military, use. Mr Paul Henderson, the company's former managing director, Mr Trevor Abraham, its former commercial director, and Mr Peter Allen, the former sales director, all deny

breaching export regulations. In January 1988 Mr. Clark tives of the British machine tool industry, including Mr Henderson, who were con-cerned by the DTT's freezing of their export licences because previous shipments were thought by the intelligence services to have gone to Iraqi

munitions factories. Advising them how to deal with future orders, Mr Clark cation with their customers which emphasised peaceful rather than military end-uses.

Where something was capable of dual use it was appropriate that the element which was within the government guidelines should be emphasised, Mr Clark told the London court. He also agreed that it was

then in the West's interests to sell defence-related equipment to Iraq since this would have reduced its dependence on the

# **Bank criticised** over BCCI role

By John Gapper, Banking Correspondent

MR ROBIN Leigh Pemberton, governor of the Bank of England, vesterday endured a fierce cross-examination by MPs over the way the Bank

supervised the Bank of Credit and Commerce International Mr Leigh Pemberton faced repeated questioning by mem-bers of the Treasury and Civil Service Select Committee over why he or another senior official of the Bank had not resigned over the report by Lord Justice Bingham into the BCCI affair.

He rejected criticism of the Bank's style of supervision as "passive and timid," and said it needed to retain experienced officials to improve regulation. MP, said BCCI showed "the

amateurish, gentlemanly supervision that the Bank is noted for has failed". A motion signed by yesterday by 91 Lahour MPs, one supervised.

eral Democrat, also urged Mr Leigh Pemberton to resign. Mr Leigh Pemberton said

although the report by Lord Bingham criticised aspects of how BCCI was handled, he never makes the statement that the Bank was negligent." The governor admitted the Bank should not have waited until the BCCI closure before tightening supervision. But he said he could not "take abso-

bank" under the Bank's supervisory regime. MPs criticised the Bank's failure in 1984 to force BCCI to accept a corporate structure that would have been easier to supervise despite debating a change for two years before

approaching the bank.

lute responsibility for every

the bank now accepted that a "direct confrontational approach" was needed to deal with some of the 500 banks it

But Mr Leigh Pemberton



# Late payments hit industry

By Michael Cassell. **Business Corresponde** 

BRITISH industry continues to be locked into a "vicious circle" of late payment of bills, made worse by the recession and endangering the survival

companies by Trade Indemnity, the credit insurance group, shows in spite of moves attitudes towards delaying payment of bills, the situation remains endemic.

According to Trade Indemnity, none of the companies it approached said they were typically paid on time, with the average payment made nearly the devaluation of sterling.

The regulator of the electricity industry

infuriated a committee of MPs at West-

minster yesterday when he declined to take any direct role in promoting

greater use of coal in power generation

Professor Stephen Littlechild told a

House of Commons inquiry: "My job is

to protect the electricity consumer.

Responsibility for the coal closures lies

with the Secretary of State for Trade and Industry and British Coal."

in order to save pits from closure.

By David Lascelles,

four weeks after it was due. Almost one quarter of the companies said they had to wait 30 days or more beyond the stated payment date while some recorded delays of up to 80

Mr Clive Brand, Trade Indemnity's senior economist, said the survey highlighted a "cultural problem throughout industry from which no company or industry escapes".

companies continued to be hit hardest but said overseas customers were also guilty of late payment by export customers cast a shadow over the expected trade benefits arising from

The survey suggests that the sectors worst hit by late payment include engineering, paper and printing, timber, motor manufacturing and chemicals. The average value of debts at least 30 days outnding is now £120,000, compared with an average £102,000 in June.

In the last budget, the chancellor announced measures to help tackle the problem, the financing of three pilot schemes within trade associations involving late payment "hot lines" for

Large companies will also have to state in their accounts how quickly they pay their

Power regulator infuriates MPs over coal

In the face of repeated questioning by backbench MPs on the trade and indus-try select committee, Prof Littlechild

said neither the Electricity Act nor his

understanding of the role of a regulator

permitted him to prescribe what the UK's energy mix should be, or to dictate

Contrary to the perception that he could intervene in the electricity industry's decisions, he said his job was to

remove obstacles in the market so that

competition could determine which

types of fuel were best.
His stand angered MPs. Tory MP Mr

what power stations should be built.

### with bill to curb unions ted to be brought forward this autumn, was being postponed

Government to proceed

By Lisa Wood and Alison Smith

THE GOVERNMENT, in an unexpected move, will today publish and give a first reading to legislation imposing further curbs on trade unions, including the right of citizens to take out injunctions against unlawful strikes.

The hill is also expected to pave the way for the abolition tory bodies which set pay rates for more than 2.5m workers in

Mrs Gillian Shephard, the

Cranley Onslow described it as "a cop-out." They also professed amaze-ment when Prof Littlechild said he had

not met Mr Michael Heseltine, the trade

and industry secretary.

Prof Littlechild would not be drawn

on whether gas was unfairly taking

market share from coal. Although

many people claim that gas is more expensive than coal, he said there was

also evidence to the contrary and the

situation was not clear cut. There was

no such thing as "a single price" for

He is currently conducting an inquiry

electricity.

powers relating to strikes and public services before the full impact is felt of any pay squeeze in the public sector. Under the legislation, unions

on technical grounds until

later in the year.

The legislation, on which
Tory MPs are united, could be

a morale booster to the party

and the government may feel it

wants to be sure of the new

will have to give seven days' notice of strikes and individuals will have the right to join a trade union of choice regard employment secretary, said less of existing arrangements last week that the bill, expecless of existing arrangements

utors are living up to their licence

requirement to purchase electricity eco-

nomically, and will report his initial

MPs accused him of dragging his feet.

and of producing a report that would be

he wanted to take as broad a view as possible of the electricity companies'

"I want to make clear that my review

is of the economic purchasing obliga-

tion, not a general review of the case

findings in December.

purchasing practices.

# Increase in

The number of overseas visitors to the UK rose eight per cent to 12m in the first eight months of the year, and their spending rose 8 per cent to £5.01bn, according to the latest International Passenger Sur-

A record 2.3m visited Britain "too late". Prof Littlechild replied that

### Deadline for **NHS** closures

Government decisions on the

begun visiting all hospitals identified for closure or change in Sir Bernard Tomlinson's report into London healthcare

Springboks win South Africa's national rugby team - the Springboks - cele-Britain since 1970 with a 32-9 win over the Midlands, the English divisional champions,

# Lender offers debt relief scheme as house prices fall

ONE OF the UK's largest home loans institutions yesterday launched two schemes to help up to 1.5m people who are estimated to have mortgage debt which exceeds the value of their homes, as house price indices continued to fall.

Last month's 1.2 per cent fall in the Halifax building society index - 0.8 per cent after seasonal adjustment – follows a sharp drop of 3.1 per cent (2.9 per cent) in September.The index indicates a drop of 8.7 per cent in house prices over

the past year. The Halifax expected the 1992 pattern of monthly 1 per cent seasonally adjusted falls

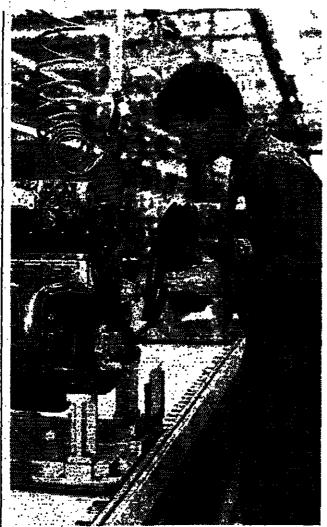
to continue. It is calling on the government to lower base rates by at least two percentage points to 6 per cent and to introduce measures, particularly targeted at first time buyers, to achieve

stable house prices in 1993. One of the schemes launched yesterday by the Woolwich building society, the country's fifth largest mortgage lender rity for part of their children's

new mortgage.
Mr John Wriglesworth, housing analyst at UBS Phillips & Drew, called it the most innovative initiative so far, and better than government efforts at easing the negative equity problem. These moves will increase pressure on the government to address the decline in the housing market in its Autumn Statement next week. On Tuesday the Nationwide

building society index recorded a fall of 3.7 per cent for last month, after a 1.4 per cent drop in September. Mr Wriglesworth attributed the sharp fall over the two months to the ending of stamp duty relief in August and expected house prices to fall at least another 5 per cent next year because of oversupply,

unemployment fears and worries about further price falls. In Scotland, the Royal Institution of Chartered Surveyors yesterday said the main concern of would-be buyers was job security, and that recent interest rate cuts had failed to spur people into moving. would allow people to use



Elsemere Port workers are out-performing European colleagues

**GM** Europe hails Vauxhall plants By Kevin Done.

THE VAUXHALL car assembly plants at Luton and Ellesmere Port are among General Motors's "lowest cost plants in Europe," Mr Louis Hughes, president of GM Europe said vesterday. He said both had a significant cost advantage over Opel plants producing the same cars in Germany and Bel-

Mr Nick Reilly, director of the Vauxhall car plant at Ellesmere Port, north west England, claimed yesterday that since the devaluation of the pound the UK plant was producing a Vauxhall/Opel Astra for DM900 less per car than GM's Astra assembly plants in Bochum Germany and Antwerp, Bel-

The Luton plant, which assembles the Vauxhall Cavalier/Opel Vectra, had established a significant production cost advantage over GM's Opel plant at Rüsselsheim, near Frankfurt, even before the devaluation of sterling.

it was costing DM750 more to produce a Cavalier/Vectra at Rüsselsheim than at Luton. GM is cutting the 18,000remain competitive. Speaking at Ellesmere Port,

where GM yesterday opened its new £190m engine plant, Mr Hughes said absenteeism at the UK plants was below 5 per cent, compared with 10 per cent in Germany.

The two UK plants are

General Motors yesterday

started production at its

£190m engine plant at Elles-

mere Port, north west England, the biggest single investment by the world's leading vehicle maker in the UK, writes Kevin Done. The plant will have capacity to produce 135,000 engines a year when it reaches full pro-duction in 1994-95 with a

workforce of around 450. The GM plant will produce a new range of top-of-the-line V6 engines developed in a fouryear programme at the company's European research and

matching the quality levels of GM's continental European plants and have begun to export large volumes to conti-GM warned its German workforce earlier this year that nental European markets in the last two years. Productivity is still lower at the UK plants, but the gap has narrowed significantly, and they now have strong production workforce at substantially lower total pro-the German plant by around a duction costs as a result of much lower UK labour costs. third over the next five years

worth of components a year to the UK in the last four years. Mr Bill Ebbert, Vauxball

heim in Germany.

Port, which will be GM's sole source for the new V6 engines, marks a watershed for the US group's operations in the UK. It reverses the 1984 decision to stop all car engine making in the UK. The V6 plant is the first instance of GM choosing

to use the UK as sole source for a major component for its European vehicle operations. The site was selected after fierce competition from Kaiserslautern, one of GM's leading German plants.

262,000 in 1991.

chairman, said the company's UK vehicle output was running at a record level and would increase by more than 14 per cent this year to 300,000 from

Vauxhall has maintained full-time working both at Luton and at Ellesmere Port during the recession in contrast to the prolonged shorttime working introduced by

to combat high costs and an advantage reinforced by the Ford and Rover in the UK in recent months.

GM remains pessimistic about the prospects for an early recovery in UK new car demand. Mr Hughes said yesterday sales were not expected "to be much higher than 1.6m" in 1993 compared with less than 1.55m this year and 2.3m

in the peak year of 1989. New car sales in western Europe would fall this year to 13.3m from 13.4m in 1991, said Mr Hughes, and "could be clearly under 13m" in 1993 "if consumer uncertainty contin-

Vauxhall yesterday launched a thinly veiled attack on Ford, the UK new car market leader for failing to follow its lead since followed by Rover, Peugeot and Renault - in reducing new car list prices and dealer profit margins to reduce the need for new car buyers to

haggle over a "fair price". Mr Ebbert said "some manufacturers" were resisting change with the justification that reduced dealer margins had an adverse effect on used car residual values. "I believe that distress marketing with frequent price cuts is much

more damaging," he said. Ford has been forced to cut prices on selected models on several occasions in the past two years, largely in order to

# Private empire consumed £1.686bn

and Andrew Jack

ROBERT Maxwell's private companies consumed nearly £1.7bn in a doomed attempt to survive during the last year of the tycoon's life.

The total is nearly double the estimates compiled four months ago when his two youngest sons, Kevin and Ian, were arrested. Most of the money went to banks to repay loans and pay interest

It is now clear that little is likely to be recovered from the Maxwell pension funds and the public companies – Mirror Group Newspapers and Maxwell Communication Corporation - which suffered combined losses of about £1bn in cash, assets and broken con-

money have stalled as lawyers prepare for highly costly legal actions expected to last several years, Lawyers' and accounelling Maxwell's legacy and tussling over the empire's scanty remaining assets total more than £30m so far.

Administrators of the collapsed companies, who have reconstructed more than 10,000 complex financial transactions, are now confident that they have located most of the

Maxwell's private companies were a labyrinth of more than 400 separate entities, some of them no more than brass plates in offshore tax havens designed to shuttle money around the empire.

By the start of last year,

nearly a year before his death, they were tottering under some £1.5bn of debt and could have collapsed without injec-tions of cash from the public

In total, the private compa nies repaid £501m of loans to banks last year and made £123m of interest payments. They also passed at least £400m of the assets flowing in to them - including property, shares from the pension funds and a stake in Berlitz, an MCC subsidiary - totalling more than £400m to banks.

As the crisis increased

Where the money came from...



through last year, the private npanies also pledged much of their majority holdings in MCC and MGN, at one point worth more than £900m, to

Next to the bank loans in significance, the greatest part of the cash was consumed in a series of alleged share-support operations, designed to prop up the value of the two public

buying - £49m - was publicly disclosed as required under UK companies legislation. But the majority - £204m - was routed secretly through Liechtenstein and Switzerland, and Maxwell's control over the shares he bought was not diswere re-pledged to banks so more loans could be raised. Losses in the private compa-

nies - including AGB, the market research company, and The European newspaper, which had been one of Robert Maxwell's favourite business ventures - soaked up £111m. The private companies also struck property and financing deals with MCC and MGN that

private companies scattered another £80m on acquisitions across three continents, mainly

on property.

from Arthur Andersen, admin-

istrators to Maxwell Commu-

• £2.1m in legal fees and

£1.6m from Robson Rhodes.

liquidators to Bishopsgate

Investment Management, man-

• £443,000 from Buchler Phillips, receivers to the estate of Robert Maxwell.

US, which continues to trade

ager of the pension funds.

nication Corporation.

But investigators are still probing the exact destination they were later unable to pay,

### Figures highlight fees • £5m in legal fees and £6m

FIGURES SUBMITTED to the Commons social security select committee disclose just part of the total professional fees charged so far by accountants and lawyers in unravelling the Maxwell empire, Andrew Jack writes. They include:

• £8m in legal fees and £7m from Price Waterhouse, administrators to Maxwell Communication Corporation.

and the public companies have heen forced to write off more than £100m against their prof-In spite of the empire's finan-

cial crisis during last year, the

and purpose of £75m. That includes £25m channelled through PH (US) Inc, a Liechtenstein-owned financial holding company registered in the

control of administrators in Public outrage and political

pressure since Robert Maxwell's death have pushed the Liechtenstein authorities and lawyers into unprecedented openness, even though the rincipality's wealth has been built on strict rules of confidentiality. However, Liechtenstein's

and is outside the direct

Crown Prince said last week that the request for assistance from British authorities came only this September, even though he had offered co-operation early in the year. Accountants have been quicker to gather information on the trusts, and are relatively confident that no hidden

pot of gold" remains. Aside from small sums of cash, most of the assets were held as shares in MGN and MCC as part of the alleged been pledged back to banks.

which owned PH (US) Inc. has aiready acted to change the directors of this company, and has sold one of its trading sub-sidiaries. Sphere Inc. a California computer games manu-

Some of the money consumed consisted of £71m in dividends from MGN and MCC, and £226m in the disposal of stakes in a number of compa-nies including Central TV and TF1, the French broadcasting

The private companies also consumed £37m in cash paid to Mr Maxwell by the former New York Daily News to take the company off its

tioned the legality of much of the transfers of cash and shares from the pension funds and public companies. Some of the transactions they regard as unusual date back to 1989, more than two years before Robert Maxwell died.

The irregular transactions will be subject to long legal disputes, which will have to determine whether directors authorising the transfers could have known that the private companies were unable to repay the money.

Lawvers and accountants have come under intense scrutiny for the level of profes sional fees charged, although they argue that the courts and creditors are monitoring their

Even so, a number of creditors have challenged the fees, and the US bankruptcy court recently refused to endorse the bills from one law firm involved in the administration of MCC for high charges made for paralegals photocopying Administrators are becoming

increasingly selective in the pursuit of further recoveries, in case the fees incurred outstrip the assets to be realised. The hopes of most of the pen-sioners for the long term rest with the work of the Maxwell pension unit headed by Sir John Cuckney, which has so

Investigators have quesof memorabilia.

under administration.

Mrs Maxwell stands to make

far raised £8m in donations and £2.5m from the governone with Vanity Fair, but is

# Family comes to terms with shifting fortune

Jimmy Burns and Raymond Snoddy on the Maxwell dynasty survivors

THERE will be a poignant reminder of the Maxwell family's shifting fortunes in the run-up to Christmas with two Sotheby's auctions of the contents of Headington Hill Hall - the Maxwell family home in

The sales - organised by administrators to Robert Maxwell's personal estate - will include classic vintage wines, paintings, and an assortment

The combined sales are expected to raise about £1m none of which is likely to end up in the hands of the family, although Mrs Betty Maxwell, the tycoon's widow, is arguing for a share of the proceeds. The auctions will be followed within months by the sale of the remainder of the Maxwell lease on Headington Hill Hall. The building belongs to Oxford City Council and the lease is being sold by PHL Estates, a private Maxwell company

In an interview with Vanity Fair magazine in March, Mrs Maxwell declared herself to be "great financial difficulty". She said she had not salted away any money because she never thought her husband would leave her destitute.

nothing from her husband's will However, she is not destitute. She still owns a large château, reportedly valued at £3m, in Lot et Garonne in France, which she has firmly told administrators belongs to her. She has provided £900,000 to cover the legal fees of her

In January she surfaced briefly to sue the magazine Paris Match for publishing photographs of her husband's autopsy. She has refused to give any interviews since the preparing a book of memoirs By contrast Pandora, Robert Maxwell's least favourite daughter-in-law, has put for-ward an image of family resilience in a series of public declarations.

The only image my children have of prison," said the wife of Kevin Maxwell recently. "Is when they went to see the Wind in the Willows and saw Toad languishing in jail. They hero-worship their daddy. The pressure is enormous . . .

Her husband has kept both his sense of humour and equanimity in spite of the criminal charges he is now facing. He is negotiating a publishing contract for a book on the effects of bankruptcy. There will be only one chapter on his own experience.

Kevin and his brother lan who also faces criminal charges - abandoned an attempt earlier this year to set up a \$10m media investment fund. Kevin, who subsequently signed up briefly as unemployed, decided to take himself off the register and seek work as a consultant. He and his brother Ian have moved into an office in central London.

In an affidavit sworn after his father's death, Kevin valued his assets at £1.6m and admitted to debts of £1.75m. Over the last year he has sold his London home and his Morgan car. He and Pandora live in her converted barn in Oxfordshire and their three children go to a local private school - with fees, estimated at between £2,900 and £5,000 a term, being paid by relatives.

Ian still lives in the Belgravia house he occupied at the time of his father's death. But he is losing a FFr2.5m château and their respective wives. Bankruptcy trustees are preparing to put it up for sale.

an Gree

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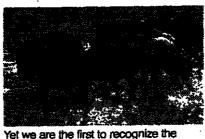
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# **HDTV** hits the screens

BC engineers and Thom-son-CSF Laboratories in Rennes, France have been demonstrating this week that at least one digital high-definition television (HDTV) service can be broadcast on a standard eight-megahertz (MHz) channel used for today's non-

satellite TV.

A digital television signal was broadcast from a low-power transmitter at the BBC's Crystal Palace mast in London.

The signals were received at the BBC's Engineering Research Department and at a number of other test sites in south London and

Surrey.

"This was a real test that demonstrated that this system will work within a normal television channel," Henry Price of BBC Engineer ing said yesterday. He described the test as a significant step on the way to HDTV, which offers high-quality pictures if used with a special tele-

The compression techniques, along with the transmitting and receiving equipment, were developed by Thomson-CSF to convey about 60 M bits of information in a

single conventional channel.

The BBC believes that by combining the techniques with digitally compressed television pictures it would be possible in principle to transmit two HDTV lines in a single

If the techniques are used to broadcast conventional TV pictures rather than HDTV pictures some engineers believe up to four channels could be broadcast in the capacity now occupied by a single

National Transcommunications, the privatised transmitter and engineering arm of what was the Independent Broadcasting Authority, has also been carrying out compression work under its Spectre project. Spectre has shown that digital channels can be broadcast alongside existing terrestrial services without causing interference.

Because viewers will need decod-

ers to receive either HDTV or a wider range of new compressed channels, engineers suggest that it may take until the end of the decade before fully commercial services are launched using the tech-

parents urged us to brush our teeth at night, that was about as far as their exhortations went. These days, though, parental pleas might include brushing with tartar-control paste, flossing, and rinsing with a plaque-fighting

mouthwash. Attention to dental care over the last few years has brought forth a flood of new products that our mothers and fathers would never have recognised. In the past, tooth decay was the main concern, and fluoride became recognised as a key compound for control

Today, as the baby-boom generation enters middle age with most of its teeth intact, the focus has switched to the prevention of gum disease. With the improvement in dental hygiene, and regular visits to the dentist, tooth decay is becoming

disease of the past. According to a study by the US National Institute for Dental Research, less than half of American children now have tooth decay, compared with 63 per cent a decade ago and 72 per cent in the 1970s. The result is that more people are keeping their teeth longer. Not long

ago, dentures were common in middle-aged adults, but today less than 4 per cent of Americans under 65 have lost all their teeth. More teeth has meant more

demand for dental products. Because teeth encourage the build-up of bacteria in the mouth, however, it has also meant more gum disease. "The baby-boom gen-eration is moving into a phase of life in which gum disease is a major threat," said Aline Christiansen, a product director at Johnson & Johnson, "That's why we've seen so many new products in this line over

the last few years."
Toothbrushes have been the main focus of innovation recently. "There has been a small boom in toothbrush products over the last few years," said Glenn Archibald, president of California based toothbrush manufacturer Oral-B.

The reason is that traditional toothbrushes are not really suitable for gum stimulation, which is important in the prevention of gum disease. "Dentists are now advising their patients to brush their gums as well as their teeth," said Chris Burbank of Crest, part of Procter & Gamble. "But old-fashioned toothbrushes, if used improperly, can

cause gum damage."

Crest has just come out with its first toothbrush, which is designed to penetrate further between the teeth without hurting the gums. The toothbrush has a rippled surface; its bristles are highly polished, and therefore gentle on gums. "We have a patented technology to polish, cut and shape the bristles so Raymond Snoddy that they can be used effectively on Victoria Griffith describes why companies are putting a new shine on dental products

# Brush up on gums



the gums." Burbank explained Colgate has also jumped on the agon by introducing its Precision toothbrush brand, which has a triangular head. Once again, the goal is to brush between the teeth. One new toothbrush, Oral-B's Indicator brand, is aimed at encouraging Americans to replace their

toothbrush more often. "The American Dental Association recommends replacing your toothbrush every three months," Archibald points out. "But most people buy a new one once a year. By then the bristles have frayed and may start to damage gums. The idea behind the Indicator is

brush is coloured blue with a foodbased die. When the colour fades half-way down the bristle, the marketing slogan explains, it's time to

get a new toothbrush. Electric toothbrushes have also experienced something of a renaissance. Braun makes a new product called the "Plac Remover", with a round head which moves back and forth. Bausch & Laumb has put out "Interplak", an electric toothbrush whose individual tufts rotate in different directions, and Panasonic and WaterPik have introduced simi-

Dental floss is also being made

more appealing. Although flossing is considered essential for the effective prevention of gum disease, a study by the American Dental Association shows that only 44 per cent of Americans floss daily.

The reason, manufacturers feel, is that many people find floss difficult to use. Sulca, a Canadian company, has taken advantage of this hole in the market by introducing what it claims is a substitute for flossing a stimulation brush.

The brush, which was tested with encouraging results by Columbia University, consists of a single tuft of bristles, pointed at the tip and placed in a rubber base, for easy

insertion between the teeth. "This product works better than dental floss in massaging the gums," said Ira Florence, Sulca's sales director. According to the American Dental Association, cessful a product than floss, with just 16 per cent of the country's population using it on a regular basis.

Mouthwash manufacturers have been taking advantage of the new concern about gum disease by pointing out that mouthwash is an effective combatant. The problem is that many people do not like the

To make the product more amenable, Warner-Lambert has intro-duced a variation on its Listerine brand. Its new mouthwash "maintains a balance of thymol, menthol, eucalyptol and methyl salicylate, while making it taste more like mint" According to Ray Le Febvre, president of the company's con-sumer health products group: "Through a patented process, our scientists identified the formula to enhance the taste, yet maintain therapeutic efficacy.

Although preventing gum disease is the industry's main focus, scientists have been working on other innovations as well. Johnson & Johnson has just launched "synthetic sapphire braces" for general orthodontic use.

"Synthetic sapphire is the secondhardest metal known to man," said Christiansen, product director at the company. "These braces don't stain, and because they are clear, they blend with teeth colour."

Other products consumers can expect to see on the market soon are improved artificial teeth and desk-top computer systems that will show the impact of orthodontic plans to patients before treatment

The National Institute of Dental Research is also financing the development of a new fluoride and calcium phosphate mouthrinse for the market. As people hold on to their teeth longer, industry experts believe dental care products will continue to be a growing market.

# Making tracks in the freight industry

By Andrew Baxter

ccess to electronic trading A systems - not for dealing in shares, but for such eurposes as electronic mail. bulletin boards, and electronic data interchange (EDI) - is increasingly important for many business sectors. For the hundreds of players in Europe's however, it is becoming a question of survival.

Tackling the problem without the technical or financial resources to make the right decisions on an integrated electronic trading system can be a nightmare for smaller companies, and is no easy task either for their bigger

Over the past year the British International Freight Association has stolen a march over its European rivals with the launch of BIFAnet, an electronic trading service developed jointly with General Electric Information Services (GEIS), a division of General Electric of the US.

The freight industry is a classic example of a sector where electronic trading can produce more efficient links between shippers, forwarders, carriers, traders and consignees. "We're focusing in on an enormous pape chain," says Geoff Brickell, UK sales development manager at

BIFAnet is a unique development for a trade association in the international trade and transportation sector according to Jim White, BIFA director- general. "The future of freight intermediaries will depend on having control of information that relates to the supply system. If they don't they may end up being cut out of the loop altogether."

Freight forwarders have to communicate with all members of the supply chain, and are moving information around for every shipment. But with half of the 900 members employing 10 people or less, they were looking to the association for a modern electronic solution. With software designed by the

association, BIFAnet uses the EDI, E-mail and bulletin board services provided via the GEIS global network to provide an integrated electronic trading service. "It's a stepping stone to paperless trading," says White. "If members had no computer technology before, they now have access to the world's largest EDI network for less than £2,000 for the hardware and software.'

BIFAnet was launched last November, but began to get going in May and June. About 60 nembers are now signed up, and White hopes to reach a target of 100 by the end of the year.

The launch was timely, ahead of the Single European Market reforms which could put further pressure on smaller players in the freight industry. There has been keen interest in the system from other European freight trade associations, says White.

GEIS, which sees its mission as providing value-added services to enable electronic commerce to function, identified the transportation sector as a new worldwide opportunity three years ago, says Brickell.

But GEIS is also keeping a close eye on other high-volume sectors where relationships are becoming more complex as manufacturing patterns change, or where companies are altering their distribution methods in line with the Single Market.

The network of component manufacturers, distributors, contract manufacturers and customers in the electronics industry is a case in point. The industry, rather aptly, is finally coming round in a big way to electronic trading, says Brickell. And as more companies in such

sectors start trading electronically, users may feel less need for the "belt-and-braces" approach now prevalent in much of industry.

Each EDI transaction may in itself be highly efficient, but is usually accompanied by between three and eight associated communications - phone calls, faxes and queries - which may not strictly be necessary.

### **PEOPLE**

# Morgan Grenfell tempts former ambassador



Departures

Sir John Whitehead, British ambassador to Tekyo for the past six years, recalls how, in the early 1970s, a group of his FCO colleagues chose to move into City merchant banks which were looking to spread their wings infernationally. "I was slightly tempted at the time and, if I had gone, it might well have been to Mor-gan Grenfell."

Now Sir John, who retired in August, is this week taking up the role of senior adviser to the Morgan Grenfell Group, pursu-ing what he describes as "almost a sentimental attachment as well as a nice offer". His elder son, Simon, who hap-pens already to be at Morgan on the international banking side, recently returned from

two years in Mescow. gan Grenfell include Lord Pennock, former deputy chairman of ICI, and Sir Peter Carey, former permanent secretary at

the D'l'I. In what he says will be the largest commitment in his new incarnation in the private sector, Sir John will initially be advising the group on Japan, a country in which he has lived for a total of 17 years. But he thinks he can he of

use in a much broader role, with an input into business in the whole of the Asia Pacific region as well as gradually in "His name will embellish the

notepaper but we also expect him to do a lot more," says

Michael Dobson, Morgan's

Usefully for Morgan, which is now owned by Deutsche Bank, Sir John speaks German, having spent four years in Bonn as well as having read the subject at Oxford. He says he has yet to meet Deutsche's boss, Hilmar Kopper.

A tireless promoter of UK-Japan trade - the ex-ambassador points out that during his tour Japan moved from being the UK's 16th to its ninth bes export market (after the US and seven European nations Sir John is also advising the President of the Board of Trade on British export policy as well as helping the Welsh Develop ment Agency with its inward investment programme.

# Facilitating at McDonnell Douglas

Peter Smith, a computer industry veteran of 25 years' standing, has been given the task of building McDonnell he resignation of Kenneth ackson as director of corprate affairs at Tarmac pro-ides further evidence that the iling construction and build-Douglas Information Systems share of the UK's fastest growing data processing business. ng materials group is under With Neville Simms, group hief executive, firmly in the riving seat at the group's lately Hilton Hall headquar-irs in Staffordshire, Jackson's

eparture reflects his close artnership with Sir Kric buntain, the colourful Black ountry boss who steered Tarac to success in the 1980s. Earlier this year, however, gainst a backdrop of collapsg profits, Pountain agreed to ep aside to become part-time hairman. Jackson, with Tarlac for 16 years, played a big ple in its expansion and elped lead the fight to win ae channel tunnel contract. le cites "managerial and proedural changes" as the rea or his departure and is being placed by Sean Bruin, for-

Tony Pexton, production and ngineering director of COTTISH POWER, is to retire the end of the year. Rex Baker has resigned as nance director of GIBBS

erly investor relations direc-

or at Dowty.

:Graham Maw has left DMOND HOLDINGS; Ian . ennett has resigned as a frector and is on sick leave. James Langford has retired om COSTAIN GROUP



Facilities management, in ics in data processing as comwhich a company agrees to panies retreat from services activities to concentrate on operations to a computing sertheir core businesses. Some vices company for a fee, has estimates put the potential for become one of the hottest topgrowth in the market in the year.
The UK market leader is

Hoskyns, owned by CGS of France, but MDIS already has some 10 contracts each valued between £0.5m and £7m. It aims to concentrate on areas it knows well - local authorities, central government, the police and health services (it was a runner-up in the London Ambulance Service contract) rather than large general

FM contracts.

Smith has spent his life in the services business, having trained in hotel management ("so I cook and drink wine very well"), before moving into the computer business with posts in NCR and Honeywell Bull.

### Finance moves

contract out its data process



formerly director of finance and planning at GE Capital RFSE, has been appointed finance director of NOBLE LOWNDES GROUP Ltd. ■ Bob Potts (above right) has been appointed deputy chief executive of BARCLAYS BANK's central retail services division, which includes Barclaycard and Barclays Merchant Services. John Eaton, formerly director, operations at Barclays Card Services, has been appointed md of Barclays Merchant

Services, following the retirement of Mervyn Gibson. ■ Yoichi Kamina has been appointed head of equity domestic sales at BARCLAYS de ZOËTE WEDD's Tokyo office; he moves from Warburg ■ Simon Hood, formerly a

vice president at Citicorp Investment Bank, has been appointed a director and head of syndicated finance at SWISS BANK CORPORATION. Nell Morgan has been appointed a director of Thamesway Investment Services, part of BZW. ■ Count Enzio von Pfeil has been appointed chief regional economist for SG WARBURG SECURITIES (Far East). Nicholas Moakes has been appointed a senior analyst

based in Hong Kong.

🖪 Winston Fletcher has been nominated to succeed Martin Boase, chairman of Omnicom as chairman of the Advertising Association; following the expected ratification by the AA council, Fletcher will take over in December. Fletcher has been in advertising since 1969 when he started out as a trainee copywriter with Ogilvy and Mather.

A philosophy graduate Fletcher is chairman and eponymous co-founder of the advertising agency Delaney Fletcher Slaymaker Delaney and Bozell. With the approach of the European single market

Fletcher will need all the stoicism he can muster as the European Commission proceeds to tighten up pan-European legislation affecting advertising.

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Friends Network.

usomniacs will be forgiven for thinking they are having nightmares when faced with

the late-night television image of Dionne Warwick offering a direct

line to psychics through the Psychic

the Prairie" actor, touting the bene-fits of a study-aid video series called

"Where There's a Will There's an

ented in the format of half-hour

television talk shows or news programmes - bears testament to the

medium's new-found respectability after languishing for years in the

The growing celebrity presence in infomercials - a form of direct response marketing generally pres-

A". Landon died last year.

Only marginally more disconcerting is the sight of Michael Landon, the "Bonanza" and "Little House on

# Karen Zagor and Gary Mead look at the new-found respectability of so-called 'infomercials'



nether world of advertising. Product sales through infomercials are estimated to be at least \$500m (£306m) this year, and may run as high as Infomercials in the US began in 1984 when the Federal Communications Commission (FCC) deregulated the amount of time that broadcast stations could dedicate to advertisements. They quickly

became a popular forum for advertising dubious products such as miracle cures for baldness and So prominent were the charlatans in the infomercial sector, that they threatened the industry's survival. There have been dozens of lawsuits

cate groups alleging deceptive As a result, the industry set up an internal watchdog agency, the National Infomercial Merchandising

brought by the Federal Trade Com-

mission (FTC) and consumer advo-

Association, in 1990. It offers guide-lines against deceptive practices, endorses legitimate producers and reports violations to the FTC.

Infomercial makers have also started to employ euphemisms such as "long-form marketing programmes" and "direct response television" in an attempt to distance themselves from their disreputable

The very format, however, presents problems by blurring the line between advertising and regular television programming. "I thought I was watching a cooking show," said a colleague, who ended up buy-ing an authentic, hand-hammered

entertainment industry may explain why late-night TV viewers now see Larry Hagman and Cher discussing haircare products. Celebrities can be paid about \$250,000 for a role in an infomercial, as well as receiving a percentage of the sales. It is esti-mated that Cher was paid about \$1m for her part in selling "Aquasentials" haircare products.

Money is not the only lure. Martin Sheen reportedly is unpaid for his performance in an infomercial for "Personal Power" self-help tapes

wok. "I was tired and it seemed Jane Fonda uses infomercials to promote her step work-out and Victoria Principal uses them to sell her

> Advertisers are drawn to infomer-cials by the low cost - a 30-minute infomercial can cost roughly the same as a 30-second network advertising spot because of differences in

> production and airtime costs.
>
> The industry is hoping to cement its legitimacy by attracting more mainstream players. Saatchi & Saatchi last year formed a partnership with Regal Communications, the largest US infomercial producer, to study infomercials, but the venture

Include (from left) Cher, Martin Sheen, Jane Fonda, Larry Hagman and Victoria Principa

A number of large advertisers have also experimented with the infomercial format. Earlier this year, Volvo ran an infomercial on safety in southern California, but the company decided the response was not strong enough to air its infomercial nationally. Similarly, Club Med has decided to stick with its traditional 30-second advertising format after a brief foray into

infomercials this year. While the prospects of laring a significant number of large advertisers to the infomercial arena remain dim, at least in the

for industry growth overall thanks to the rapid expansion of US cable

Direct response marketing via television infomercials is also making inroads into the increasingly complex world of European media. One of the companies leading the fray is Quantum International, a subsidiary of National Media, based in Philadelphia. Quantum is licensed by the UK's

Independent Television Commission, and currently broadcasts programmes via three European chan-nels: Lifestyle and Screensport (both on the Astra satellite) and Super Channel (on Eutelsat). Their

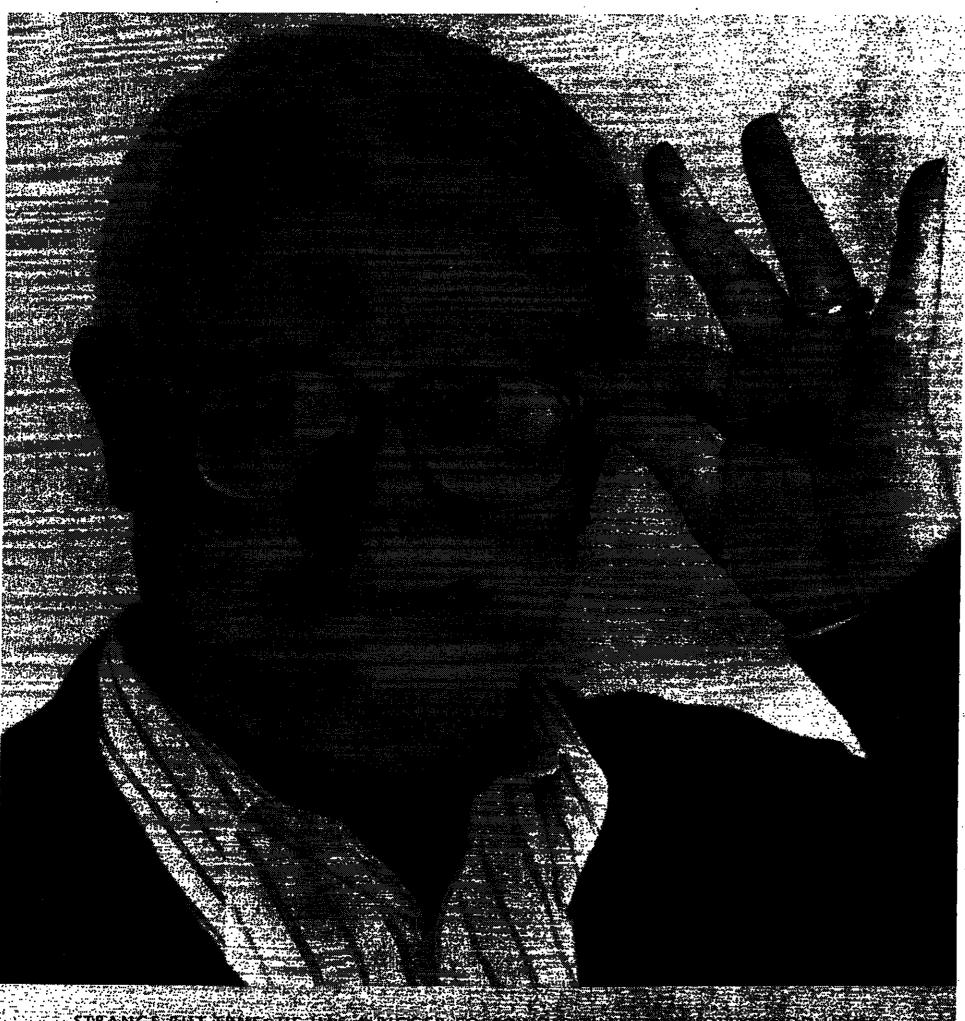
footprints extend from Scandinavia to north Africa, from west Europe to Russia and beyond. The three channels are each reaching up to

Quantum takes programmes produced by its US parent and re-edits them for European use. But it is branching out into producing its own infomercials which, in turn, will be taken by National Media.

Infomercials broadcast across Europe face big obstacles which their US counterparts need be less concerned with: language and cul-tural differences, a picthora of legislation affecting product claims, advertising and packaging, which vary greatly from country to coun-

According to David Carman, Quantum's president: "Europeans seem to demand a higher standard of packaging, quality, value for money and service [than American audiences]. All instructions [on the products] must be translated into all languages; products must meet all regulations whether EC or local; and our programmes are dubbed into different languages, currently German, French, Dutch and Swed-

Several factors are likely to influence the growth of infomercials in Europe. Commercial development of digital compression will mean more air time is available on existing satellites. As both terrestrial and satellite broadcasting becomes more cluttered and fragmented, advertisers will need either more sophisticated research or much larger budgets to ensure they are reaching their putative purchasers. No one is forecasting a return to the highspending television advertising bud-





Mirage, California, began her business by producing a single hasket for a friend at a cost of \$17.50, which she sold for \$35. In 1991 Mallotto's

Says Crispin Gorman, the gift basket business," says Skelton. "The shopper is looking for increased value for money today. Even in a recession people have anniversaries, birthdays and Christmas gifts to buy. Customised baskets solve holiday shopping problems behind' value." Lynn Mallotto of Rancho

All present and correct

Kate Button reports on the American way of giving

hile plant and flower year in the US, of customised baskets and hampers filled with collections of assorted goodies have

increased by 30 per cent. Personal shoppers spend, typically, between \$30 (£18.40) and \$50 each on baskets which may be filled with tolletries,

At a corporate level, there appear to be few limits on nse or zaniness, Birthdays, promotions, new company members and corporate anniversaries are enthusiastically than they are in, for example, the UK and provide gift basket companies with about half their business.

For the last two years, the US magazine Entrepreneur has named the gift basket industry as one of its top 10 business opportunities. With low start-up costs, low risk and low overheads, gift baskets have made an ideal cottage industry. The idea has yet to take off in the UK where large groups such as Body Shop and Fortnum and Mason dominate the basket and hamper scene.

Many of the gift basket niccess stories are the result of women's efforts to find a part-time occupation to nlement income. In many cases working

women have relinquished full-time jobs to meet the demands of the booming cottage industry. Many have found it necessary to recruit several employees to handle inventory, computerisation of orders and delivery. Elizabeth Skelton, associate

editor of Gift Basket Review,

company, The Ultimate

magazine, has been monitoring the industry in the US for several years. Her publication has calculated that the average annual income from assembling gift baskets is now more than \$77,000. "The downturn in the economy has actually helped

manager of the store in San Francisco, California: "We use tea caddles, coffee jars, cookies, candies, chocolates, even some personal items provided by the customer which are particularly relevant to the recipient". The Los Angeles branch of Snookies does extremely well with the Lover's Basket. At \$13.95, the customer gets a

packet of condoms and a "lover's manual". "It does particularly well at Valentines." says Gorman.

Basket, grossed sales of \$125,000. "People don't have time to shop for gifts," she greater rewards, as Terry August discovered. A home-based operation.

iounded in 1987, FanciFull of Los Angeles creates extravagant gift items for the rich and famous. Specialities include baskets made for the casts of Ghost, Star Trek V and Twin Peaks.

August's favourite creation is a violin case stuffed with mafia theme items, red wine and single-stemmed red roses for the crew of Godfather III. Fancifull grossed sales in excess of \$700,000 last year. "I started the company as

something to do from my house," says August. But when a mailing she sent to friends and acquaintances turned up an order for 200 baskets from one company alone, August knew she had more than a part-time hobby

Bobbi Cooper, founder of A Basket Affair, based in Portland Oregon, travels the country giving demonstrations on how to put baskets together. It was this talent that landed her the entire gift-giving account of Nike, also based in Oregon. By researching the company and then presenting carefully targeted products to almost every department individually, Cooper won the Nike corporate account which keeps her busy all year round. At the most extravagant end of the scale, Skeiton says

she has heard of one company that created the ultimate car enthusiast's basket: "They filled a car with automobile paraphernalia and tied it up with a bow."

More commonplace are the baskets sold by companies like Snookies Cookies store. Products range from \$30 to \$300 for a more elaborate gift with champagne, gourmet foods and designer confectionery.

pair of plastic handeuffs, a feather, some massage oil, a

# **Burrows**

Under the uncommunicative title of Very, Jonathan Burrows marks the debut of his own Dance Group in the harsh world away from from the Royal Ballet. Burrows is tal-ented, of that there can be no doubt. From his earliest solos more than a decade ago, he proposed an off-beat and unexpected view of dancing. His recent pleces - especially rainy morning, cloudy, mild; Hymns and Stoics - have revealed a dance language markedly original in its ability to expose feeling, the sheer bloody awkwardness of life, and the distress that lies just under the skin of social behav-

What then to make of the new Very which was seen at The Place at the week's end. It is more difficult and more hermetic than anything Burrows has shown us before. I am tempted to call it War am tempted to call it Very Uncommunicative, because - great admirer of Burrows though I am - I was puzzled by procedures that seemed to me wilfully alienating. It would be foolish to ask for narrative coherence - this is not Burrows' aim - but his earlier works spoke far more allusively yet potently of rela-tiouships, of the difficulty of

> Very takes place in an arena of light-bulbs at ground level; it involves Burrows with two favoured dancers, Deborah Jones and Lynne Bristow, and the composer Mattee Fargion. Fargion's accompaniment is a sequence of banalities, sung and played from an electronic piano which is manoeuvered over the dance area as part of the action. The text (largely inaudible) sounds like extracts from an ancient English/Bulgarian phrase book. The dance stresses similar banalities – crawling, stamping, fighting, slapping, running, embracing – shown in deliberately raw

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human drama, the disjecta membra of emotion, which Burrows offers to us as pieces of a jigsaw that we are (I imagine) expected to put together. Or perhaps not. If Burrows' thesis is that life is made up of mad and unrelated moments, of ceaseless brutality and fatuity, of irrational breakdown and anguish, then to present it in a London theatre is an act of supererogation. Life is even nastier outside. and even more disjunct than this choreographic text. Of course, there are rewards: in the bravura performances by the dancers, and - most exasperatingly - in the hints of a Section of the sectio larger shape, as Burrows and Lynne Bristow play to each other throughout the piece like a couple trapped in a relationship.

The state of The second secon In ducking away from meaning, Burrows is true to his choreographic process, but I think he betrays his material by making it so difficult to assess, so cussed. It is as if; ترون المراجعة المراج المراجعة ا like the exquisitely tiresome Judson Church experimentalists in New York 30 years ago, he is re-inventing theatrical movement from its most ordi-فيتناه والماس enary elements, and purging dance drams of its conventions. Ultimately, Very is a and the second s ingredients rather than the finished dish. Unsatisfying. Very.

ctor Daniel Day-Lewis has developed a This was the first thing to worry me about Michael Mann's frontier epic The Last Of The Mohicans. The second was that it is "based on the novel by James Fenimore Cooper and the screenplay by

Philip Dunne."

For the aesthetically alarmist, "Cooper-Dunne" spells more trouble than "Day-Lewis". Both hyphenations originate in Hollywood's attempt to make life easy for dimwitted audiences. Just as three names are judged de trop for an actor playing a backwoodsman, so Cooper's mazy-majestic novel, full of provoca-tive contraries like pro-British jingoism and hints of miscegenating romance (between white Colonel's daughter Cora and the young Mohican Uneas), must be ironed into a straight-arrow adventure.

Philip Dunne wrote the 1936

movie which turned Hawkeye into a sort of frontier Tarzan -Chingachgook's adopted son rather than boon companion and then WASP-ishly transferred the love affair with Cora from red man to white man. Let us take the film on a lineitem basis. It looks magnificent. No hint here of the designer pastels Michael Mann brought to his best-known screen credit Miami Vice, nor of the high-shine futurism he applied to his features Thief and Manhunter. The Adirondacks, circa 1757, are photographed by Dante Spinotti as a green and steaming blur of forest and mountain; mists and waterfalls. Down in the sylvan pathways are Cora and Alice Munro (Madeline Stowe, Jhodi May), being escorted towards Dad's fort by British officer

Duncan Heyward (Steven Wad-

Cinema/Nigel Andrews

# Noble savagery

dington). Camoullaged amid in *Unknoful Entry*, lends a stertile trees, ready to ravage or rescue, are the heinous Hurons May has an unforgettably poi-(pro-French) and the nice Mohicans (pro-Brit).

As Hawkeye, Day-Lewis sports nipple-length hair, a fetching scowl and an American accent. He is impenetrable, but in this film that is an asset. He stands aloof from the fiag-waving political correct-ness of the first half, where uniformed man is a blot on nature and Chingachgook and Uncas are scripted for silent monologues of noble savagery.

And in the second half Day-Lewis's sculpted, glowering impassivity is even more cru-cial. Anything more fulsome would have spotlighted the silliness of the romance and its visual consummation in a waterfall-curtained cave. Here Hawkeye and Cora hurl vows of love at each other before H huris himself - the movie's most conspicuous moment of daft bravado – out through the liquid curtain into the

exploding cadenza of foam. But the higher it climbs, gesturally and geographically, the grander the film becomes. It is clean out of oxygen, but after the early rightmindedness we cheer the new lightheadedness. No more piety about man versus nature or colonisers versus colonised: just man versus man, in blurring permutations of race and colour, on beetling precipices and giddying crags. Nor is woman lost in the melée. Madeline Stowe, whose tremulous mezzo-voiced beauty had critics marking their cards

gnant moment as she teeters above a suicide fall.

By this time, of course, Fenimore Cooper's own story lies smashed and unrecognisable at the bottom of the valley. As a fan, I mourn. Cooper's prose may be famously ponderous, but a film is still to be made that does justice to his darkly

> THE LAST OF THE **MOHICANS** Michael Mann

> > SIMPLE MEN Hal Hartley

LONDON FILM **FESTIVAL** 

winding storytelling and to the ambivalence of Natty Bumppo, that sage and savage once dubbed by Balzac literature's "moral hermaphrodite." (Even the name is gentrified for this movie: he is "Nathaniel Poe"). But Mann's movie, by the time it starts moving, is at least a romp. Already \$50m to the good in America, it joins Clint's Eastwood Unforgiven in suggesting that the long-presumed-dead Western may be clambering out of its coffin even as we speak.

Like The Last Of The Mohi-cans, Hal Hartley's Simple Men is about two siblings seeking their father. Only they are brothers not sisters and they

drift south-easterly into Long Island rather than carving up New York State. With tomahawks replaced by Tacitean dialogue, the only red man in sight is the cranky jail-escaped ex-radical their father.

I wanted to like the film. Hartley's first two features, The Unbelievable Truth and Trust, were riddling tales of criminal and romantic passion set in Nowhereville, US. Nonseouitur dialogue was played against sweetly vestigial plot suspense, rather as if Samuel Beckett had been brought in to script a small-town soap. But in Simple Men the pre-

tensions have grown large and everything is big with self-admiring mystery. Failed bank robber Bill (Robert Burke) links up with bookish brother Joe (William Sage) as they roam their semi-rural Ultima Thule: a place of strange women (innkeepers, Romanian epileptics, chain-smoking nuns), strange colour co-ordi-nations (Hartley never travels without a suitcaseful of filters) and strangely irritating mantric proverbs.

"There's nothing but trouble and desire," says someone.
"There's nothing like a machine to make a man feel insignificant," says someone else. And there's nothing more tiresome than a movie that asks its own audience to join in its search for a plot and purpose. Simple Men, I suspect, is working out some filial prob-lem of Hartley's that never communicates itself to the filmgoer: except as an obscu-

Glowering impassivity: Daniel Day-Lewis in 'The Last of the Mohicans'

rantist version of that old chestnut about the love of a good woman (or even a bad one) liberating the child from the tyranny of the parent.

With the London Film Festival beginning today, long tentacles of celluloid are reaching towards us from the South Bank. We have already hinted at the event's size. Wrestling with the festival booklet and accompanying literature, one feels like Captain Nemo shortly after his introduction

to the giant squid.

The strongest focus is on British cinema. As well as flaunting a sponsored £10,000-pound cash prize for the UK film voted best by audiences, the festival showcases some 20 new British features, even if the names of some directors involved (Susan Seidelman, Krzysztof Zanussi) plant a

But what price nationality in the age of the co-production? At this year's LFF, medium-hot tickets include a Spanish film starring Terence Stamp and Patsy Kensit (Pilar Miro's Prince Of Shadows), a French film directed by Poland's leading woman film-maker (Agniezska Holland's Olivier Olivier), a Canadian film with a Polish-Australian star (Gosia Dobrowolska in Guy Maddin's Careful), and Italian actress

Happily, there are also mono-cultural masterworks: films like Daniel Bergman's Sunday's Children, Zhang Yimou's The Story Of Qiu Ju and Akex-andre Rockwell's crackling all-American comedy about film-making in The Soup. And

Stefania Sandrelli revealing all,

including a talent for fluent Spanish, in Bigas Luna's ram-

pant sex comedy Jamon

in the festival section called "Electronic Image" notions of nationhood dissolve almost completely. That divisive thing called dialogue is replaced by the increasingly universal sign-systems of the video and computer age. Work here by, with or about Derek Jarman, Lindsay Kemp, Nam June Paik and Japanese computer mae-stro Yoichiro Kawaguchi.

For the postalgics among us there are revivals, restorations and reconstructions. Visconti's The Leopard; Ridley Scott's Blade Runner: The Director's Version; and British cinema at its most Gainsborough-ish in the 1947 Jassy, newly refurbished by the National Film Archive. Margaret Lockwood gorgeous costumes, hissable villains and all that jassy. They don't make films like that any more, but at least they lovingly restore them.

Theatre

# Our Song

maudlin, sentimental piece that one sometimes forgets is still being written - possibly because there is so little time for a theatre critic to watch television. However, Our Song is very professionally crafted, is an ideal vehicle for Peter O'Toole and introduces a fetching new actress in Tara FitzGerald.

After his success in Jeffrey Bernard is Unwell (also written by Waterhouse), O'Toole is enjoying an Indian summer on the stage. It is a great pity that he bowed out of John Osborne's Défà Vu because the text was too long and too com-plex. Still, here he is in a simpler play, dominating throughout.

O'Toole plays an ageing advertising man.
That is another sign of the datedness of the
piece, One did not realise that they were still around, even less that people still wrote plays about them. He has to think up alliterative adjectives for things like Finnegan's Flakes: there are a lot of "effs" in the Waterhouse

script. Thus the character called Roser Piner strays is in falling for a girl called Angela. She is Ms FitzGerald, who describes herself as a "freelance factorum". She is always immaculately dressed, usually at someone else's expense, and Ms Fitz-Gerald can certainly act.

The affair lasted, as Piper never stops telling us, 16 months. It took a lot of lunches, and ever more champague, to get her into to bed. Con-summation takes place in Edinburgh, shifts to Venice, and is continued in her bed-sit in Islington. There is a series of flings around Leicester, Nottingham, Cardiff and Brighton as Piper, having lost his partnership at the agency, accepts a part-time job as a contributor to some kind of good food guide. Angela is finally killed in a car crash on the road to Birmingham, Piper reflecting - among other things - that she was on the M25 when she should have been on the

The theme is Piper wondering if it was love and, if not, what was it? "Our Song" is sung only once, and then only for a few bars. It was plainly a tempestuous affair, which did not leave much time for gentle smoothing. O'Toole Clement Crisp speaks in a slow drawl and moves in a stooping, slightly tortured way that in the end becomes



Tara Fitzgerald and Peter O'Toole in Keith Waterhouse's new play

compelling. He is writing about his experience on an old-fashioned Imperial Typewriter, which says a lot about the play.

There is not much else. Piper has a very patient, attractive wife, stylishly played by Lucy Fleming. There is a little bit of poking fun at advertising, good food guides and restaurants, but remarkably few outright jokes. Our Song is directed by another old pro, Ned Sherrin. It makes for a pleasant enough evening, though even at little more than two hours may seem a shade too long. Ms FitzGerald we shall see again. The point about her Angela is that if she has any depths, we do not discover them. She conceals them with great skill.

Malcolm Rutherford

Apollo Theatre. (071) 680 6262

### Horror and farce in 'The Changeling'

Thomas Middleton (1580-1627), ease of deceit. Their central official chronologer of the City of London, was the Hogarth of his time, mixing satire, tragedy and realism. The Changeling (1622) was one of six plays he wrote with the William Rowley (b. 1585). The Royal Shakespeare Company gave a tradi-tional rendering of this muscle-bound play: predictable, careful and unmoving.

This is a tragedy of irrespon-

sible immaturity caught in its own consequences. The action, set in Alicante, feeds on excess. The heroine, Joanna, has an unwanted fiance and strong desires for another man, Alsemero; she enlists her ugly servant. De Flores, to murder the affianced, but at the price, she later discovers, of becoming the murderer's mistress. More deceit and murder follow, and De Flores takes Joanna's life before taking his own. A distant subplot, set in an asylum, echoes the main action.

Within this bleak prospect, The Changeling offers scenes which can be played comically, and Michael Attenborough's thorough production balances the horror with the farce. On her wedding night, Joanna dis-covers in Alsemero's trunk a litmus test for virginity; she takes it in private, fails, tries it on her virginal maid, and learns to replicate the effects of a positive result. This scene is caught in a tightening net of deceit, the more disturbing because inapposite. The production's chief

resources are Cheryl Campbell as the perjured, fickle Joanna, and Malcolm Storry as the opportune and ill-favoured De Flores. Together they register both the power of lust and the

scene follows his murder of her flance; as he explains what he has done, she begins to realise the extent of her involvement. While they barter money, lust and power, both emerge as changelings, capable of expediency and dispatch.
The third changeling is a

lover, Antonio (played with panache by David Westhead) from the subplot. He disguises himself as a fool in order to court the asylum keeper's wife:
"I bring nought but love and his soft wounding shafts to strike you with." The bedlam scenes are well policed by Geoffrey Freshwater and Paul

Attenborough keeps the action moving, but finds nei-ther character nor scene as a centre to the play, no quiet level where the imperatives of excess, appetite and deceit can bargain freely. This is partly Middleton's style, which offers no moral centre; but a clearer disposition of the characters on stage would sharpen the action to counteract Middleton's mixture of tedious discourse and sudden reality. The open set, period costumes and creative lighting have yet to cohere properly.

But The Changeling remains a powerful play, probing the possibilities of personal change and the limits of reasonable deceit. It charts ordinary vices. Joanna's husband asks if she is honest: "That's a broad question, my lord."

**Andrew St George** 

The Swan Theatre, Stratford-upon-Avon (0789 295623) until January 30

### New York music/Paul Griffiths

### Next Wave festival For several years the Next Robert Taub's recital at Mer-

Wave festival at the Brooklyn Academy Of Music has given a New York home to the more glamorous stars of new music, dance and theatre: Philip Glass, John Adams and Steve Reich among composers; Mark Morris and Lucinda Childs among choreographers, Robert Wilson among showmen.

Many of them will be back but perhaps fearing that the Next Wave was starting to look

suspiciously like the Last Wave, the BAM team looked elsewhere for their opening performances. Fine. There must be life out there beyond the dazzle, but not in what we would have died as a college show in North Dakota, and a talent spot for aboriginal. Americana.

The latter event was probably inevitable in Columbus year. Robert Mirabel, who makes and plays his own haunting flutes, trod stealthily among the thistles of historical sensitivity and the nettles of political correctness: he conrured delicate sounds and had an engaging manner, though I would suspect the faunish naivety to have been as carefully applied as the hairfeath-

Pura Fe and her companions were a more unsettling case. inviting the audience to a complacency of guilt and self-congratulation at hearing songs of death and deracination. They were also not very good though not quite as dire as the musical, *Prida*, bizarrely with Houston Grand Opera behind it, treating the life of the painter Frida Kahlo with grotesque bio-pic sentimentality.

kin Hall was in another galaxy. He is a planist whose fingers think: every chord comes as something placed and balanced as a considered moment, and when he speeds, as he often does, it is with the exhibitration of a flow of ideas. Thought sounds out too in his programming. Here he began with late Brahms - the Op.116 Fanta-sias - after which his selection of three recently published pieces by Berg sounded sunnily at ease: a refreshment before, but also a passage towards, the Sonata that Berg wrote soon afterwards.

Following Berg came Bab-1947-8 and a new piece, Pre hudes, Interludes, and Postlude, with the interval to stand in for forty years of achievement in between. Mr Taub's reputa-tion as a Babbitt player is well earned: he senses the poetry and the wit in the music, and he thinks the thought. And Babbitt has responded

to his care, accomplishment and devotion with three works in the last decade, a decade in which his music seems to have come to an alpine moment of serenity and distant vision. The counterpoint is light, elegant and courteous in its pace. the rhythm nimble, the large shape - in this case a sequence of differently textured preludes with interludes and postlude all relating -

What remains, of course, is the abstraction, but also the humour and the jazzy bounce. Babbitt in retirement is letting his geniality show through, but at the age of 76 he retains all his fitness of mind.



### **■ BOLOGNA**

Krystian Zimerman piano recital on Mon at the Teatro Communale. Nov 16: Trio Mozart. Nov 18: Bavarian State Ballet. The opera season opens on Nov 28 (529999)

### ■ DRESDEN

● Today's performance of Cosi fan tutte at the Semperoper begins at 11.00. Tomorrow, next Mon and Thurs: ballet triple bill. Sat Il barbiere di Siviglia. Sun morning: Peter Gülke conducts works by Weber, Mozart and Stravinsky. Sun evening: Gluck's Orfeo, Tues: Le nozze di Figaro. Felicity Lott sings Arabella on Nov 15, 18, 21 and 24 (484 2731) Jörg-Peter Weigle conducts Dresden Philharmonic Orchestra Sat and Sun at the Kulturpalast. (486 6306)

### ■ FLORENCE

Tonight's Brahms and Debussy concert at Teatro Communale is conducted by Georges Prêtre.

Nov 12, 13, 14, 15: Ceclia Bartoli sings Berlioz's Nuits d'Eté. Nov 19, 20, 21, 22; Semvon Bychkov conducts Mahler's Second Symphony. Nov 25-Dec 11: Coppélia (277 9236)

### ■ GENOA

Today's performance of Simon Boccanegra at Teatro Carlo Felice begins at 15.30 (final performance on Sun afternoon). Tomorrow and Sat: Michel Tabachnik conducts orchestral works by Stravinsky and Tchaikovsky, Nov 13, 14, 15: Ballet of La Scala in Cristoforo Colombo, music by Donizetti (589329)

### ■ THE HAGUE

Dr Anton Philipszaal 20.15 Muhai Tang conducts Hague Philharmonic Orchestra in Liszt's Second Plano Concerto (Deszo Ranki) and Rakhmaninov's Second Symphony, repeated tomorrow. Sat: Edo de Waart conducts Netherlands Radio Philharmonic Orchestra In Mahler's Fifth Symphony. Next Fri and Sat Imogen Cooper plays Mozart (360 9810) Danstheater 20.15 Nederlands Dans Theater premieres a new choreography by Itzik Galili, plus works by Jiri Kylian and Patrizla Tuerlings. Repeated Nov 7, 12, 13, 14 (360 4930)

### **■ LONDON**

THEATRE Six Characters in Search of an Author: Franco Zeffirelli's

updated version of Pirandello's classic play comes to the Lytteiton on Mon for six performances as part of the Drama for the European Arts Festival (National Theatre 071-928 Three Birds Alighting on a

Fleid: a return visit by Timberlake Wertenbaker's play, one of the Royal Court's most successful 1991 premieres. Previews start tonight, Press night on Tues (Royal Court 071-730 1745). Lost in Yonkers: Neil Simon's Broadway hit, starring Rosemary Harris and Maureen Lipman, is a humorous play about two boys dumped with their tyrannical grandmother and emotionally

arrested aunt in Yonkers, New York, in 1942. Previews next Tues and Wed, Press night next Thurs (Strand 071-379 4444). No Man's Land: Harold Pinter plays Hirst to Paul Eddington's Spooner in the first London revival of his play since Gielgud and Richardson created the roles

in 1975 (Almeida 071-359 4404).

 For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836.430961 Thrillers 0836 430962

OPERA/DANCE Coliseum Jonathan Miller's production of Don Glovanni receives its last performance of the season tonight. Tomorrow and next Thurs: Wozzeck. Sat and next Wed: Die Zauberflöte. Ken Russell's new G&S production, Princess Ida, opens Nov 14 (071-836 3161)

Covent Garden Tonight and Sat: final performances of Porgy and Bess. Tomorrow and next Sat. Swan Lake. A new production of Die Frau ohne Schatten opens Nov 16 (071-240 1066). Nov 10-14 at Sadler's Wells: Phoenix Dance Company (071-278 8916)

CONCERTS Barbican in tonight's LSO concert, Kent Nagano conducts Brahms' Double Concerto (Dmitry Sitkovetsky and Ralph Kirshbaum) and Prokofiev's Fifth Symphony. Sun afternoon: Joanna MacGregor plano recital Sun evening: Nagano conducts Dapnis et Chloé. Tues and Wed: Mariss Jansons and the Oslo Philharmonic open the Barbican's month-long Scandanavian arts festival, which also includes a Nielsen cycle with Rattle and CBSO (starting next Fri) and a Sibelius cycle with Colin Davis and LSO (starting Nov 26). Nov 14 and 18: Neeme Jarvi conducts Gothenburg Symphony Orchestra (071-638 8891) South Bank Centre In tonight's

BBCSO concert, Ida Haendel plays Britten's Violin Concerto and Alexander Lazarev conducts Shostakovich's Fourth Symphony. In QE Hall, Amanda Roocroft, Peter Donohoe and Roger Vignoles host a Brahms evening. Comorrow: Felicity Lott sings Strauss in a Philharmonia concert conducted by Sinopoli. Sun afternoon: Stephen Kovacevich piano recital. Sun evening: Bach's B minor Mass. Mon: Gilbert Kaplan conducts Mahler's Second Symphony. Tues: Ivo Pogorelich plano recital. Wed: London Mozart Players. Next

Thurs: Semvon Bychkov conducts Philharmonia, with Andrei Gavrilov soloist in Ravel's Left hand Concerto. Next Fri: Deszo Ranki is soloist with LPO. Next Sat: Labeque Sisters. Nov 22: Shura Cherkassky (071-928 8800)

### ■ MADRID

Auditorio Nacional de Musica Tonight's chamber music concert, featuring music by Schumann, Donizetti and Salieri, is given by Ensemble Mikrokosmos. Tomorrow, Sat, Sun: Aldo Ceccato conducts Spanish National Orchestra and Chorus in Beethoven's Missa Solemnis. Next Tues: Catalan Chamber Orchestra plays works by Fernando Sor and Bartók (337 0100)

### **PRAGUE**

 Tonight and tomorrow at Anensky Cloister: Stamitz Quartet and friends play chamber music by Dussek and Beethoven. Tomorrow at Smetana Hall: Petr Altrichter conducts Smetana's Ma Vlast, Sat Bambini di Praga, Next Tues: Helmut Steinbach conduts Czech Radio Symphony Orchestra in works by Mendelssohn, Beethoven and Schumann, Next Wed: Martin Turnovsky conducts Prague Symphony Orchestra In Bruckner's Seventh Symphony

(232 2501). Tonight and tomorrow in Dvořák Hall, Eliahu Inbal conducts Czech Philharmonic Orchestra in Mozart's Haffner Symphony and Bruckner's Third.

Next week: Zdenek Kosler conducts Bruckner's Fifth (286

 For pre-booking and information, contact city centre ticket agencies (Siuna, Wencesias Square 28 in the passage, tel 260693, or Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

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The Konserthuset this week focuses on the music of Swedish composer Daniel Börtz. Tonight's concert is given by the Norrkorping Symphony Orchestra. Tomorrow: Stockholm Wind Sinfonia. Sat: Gennadi Rozhdestvensky conducts Bortz's Seventh Symphony. Next Thurs and Fri: Rozhdestvensky conducts symphonies by Nielsen and Borodin (244130). Sun afternoon at Berwaldhallen: Uppsala Chamber Soloists play music by Glinka and Taneyev. Tues at Radiohuset: Lars Sellergren plays piano music by Stenhammar and Chopin (784

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### **FINANCIAL TIMES**

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday November 5 1992

# Now for the hard part

THIS IS not the moment to be grudging. Governor Bill Clinton has been elected president of the United States squarely and fairly. That is, the unfairness in the campaign was directed more at him than by him. President George Bush, with all the supposed advantages of incumbency, resorted to undignified muck-rak-ing in his attempts to blacken Mr Clinton's character. Mr Ross Perot had much more money to spend. Mr Clinton won by making him-self the unchallenged leader of the main opposition party, by impos-ing on that party a new direction and a new image, and by becoming the most credible spokesman of what is clearly a deeply felt, nationwide desire for change.

His campaign was in itself an impressive feat of leadership and organisation. As Vice-President Dan Quayle said, if he can run his presidency as well as he ran the campaign he will be a highly successful president.

That is, and was intended to be, a big "if". Mr Clinton has shown imself a thoroughly professional politician. But that means, in essence, a person skilled in being all things to all men, and dodging difficult choices. Governing on the other hand involves making choices. On many points Mr Clinton will, once in office, have to clarify his position; and in the process he will not be able to avoid disappointing, perhaps even infuriating, many of those who voted for him on Tuesday.

the main focus of his campaign: "the economy, stupid". Mr Clin-ton, unlike Mr Bush, believes that government has a role to play in galvanising the economy, notably through spending on education and infrastructure. He is deluding himself if he thinks these plans can be financed by taxing only the "top 2 per cent" of the population. He will have to choose whether to increase the already yawning budget deficit or to raise revenue through broader, presumably indi-rect, taxation. If he wants to make good his environmental claims, he should in any case raise taxes on

Similarly, Mr Clinton will not be able to implement his proposed healthcare reforms unless he is prepared for a head-on battle with the American Medical Association and the pharmaceutical industry: and he will not be able to make good his reputation as a free trader without facing down powerful lobbies within his own party, including notably the trade unions and some environmentalists.

Foreign policy is clearly not his main interest, and the voters have shown they do not mind that. But foreign policy too will present awkward and unavoidable choices. Mr Clinton will have to choose between conflicting interests, and to allocate resources for honouring US objectives.

The ends of the president-elect, so far as he has defined them, are mainly good. The more difficult That will be true especially in part. which he must now set the area which he rightly made about, is finding the means.

# Trade threats

IF MR CLINTON thinks he can set his own agenda, regardless of events, he should think again.

Come January, he will find world trade at the top of his in-tray. He may even find his country embroiled in a tit-for-tat trade war with the European Community triggered by their five-year-long oilseeds dispute. It is vitally important that the new adminis-tration does not inherit so embittered a conflict. If one is to be avoided, however, the EC will have to show more flexibility than

it has done so far.
The Community is likely to regret its failure to reach an overall agreement on farm trade with the outgoing Bush administration. Nothing suggests that Mr Clinton will be easier to deal with than Mr Bush. He may well be still less accommodating. Mr Clinton may, for example, try to make the envi-ronment and fair labour standards central issues in the Uruguay Round, whereupon the whole draft agreement could easily disinte-grate. He will probably be still more inclined towards the use of unilateral market-opening measures than someone as instinctively internationalist as Mr Bush. Failure to resolve the oilseeds dispute can only exacerbate those tendencies. The US regards this particular dispute as a test case for the multilateral approach to the resolution of trade disputes. It has twice won favourable verdicts from Gatt panels, which have concluded that the EC oilseeds regime discriminates in favour of EC oil-

imports of oilseeds conceded by the EC in the early 1960s. The US has proposed binding arbitration of this dispute, which the EC has

The US is entitled, therefore, to do what it did yesterday, namely, request Gatt authorisation for the suspension of tariff concessions to the EC worth \$1bn and so equiva-lent in value, it claims, to the EC concessions that have been judged

Even if the US is entitled to do this, retaliation must be very risky at this delicate juncture. The threatened EC counter-retaliation would be worse than merely risky. It could be a disaster, not least because it is almost certainly illegal under Gatt. The US is entitled to withdraw tariff concessions in order to balance the losses its producers have suffered. Counterretaliation by the EC would upset a spiral of retaliation and counterretaliation would seem inevitable

The failure to complete the deal on farm trade within the Uruguay Round is more than a misfortune it is a mistake. So is the failure to resolve the dispute over oilseeds. But this mistake need not be compounded. So long as a spiral of retaliation and counter-retaliation is avoided now, both the Gatt dispute settlement mechanism and the Uruguay Round remain alive until Mr Clinton takes over. The EC failed to prevent yesterday's US action. It must now eschew the counter-retaliation that can only seed production, thereby impair- make things worse.

# Angola's lessons

DEMOCRACY IS faltering in damage it can wreak could be bet Africa. As authoritarian regimes across the continent bow to international and domestic pressure, the transition to multi-party rule is endangered by electoral fraud, undisciplined armies, aggrieved tions. Without tougher international monitoring of elections, and that accommodate ethnic, religious and regional rivalries, democracy will remain imperilled.

Angola's threatened relapse into full-scale civil war is the latest blow to hopes for a fresh start, and the most serious. Renewed conflict would be disastrous for southern Africa as a whole. But the tragedy will have wider impli-cations. The UN has played a leading role in Angola, monitoring the country's ceasefire and observing the elections. Success would have encouraged such efforts in Soma-lia or Mozambique; failure will reinforce misgivings about mediation in Africa's conflicts.

Clearly the burden of blame rests with Mr Jonas Savimbi, the Unita leader, defeated by President Jose Eduardo dos Santos in the September elections. Unita has claimed widespread electoral fraud, and demanded an international inquiry. The vote was deemed fair not only by the UN, but also by Washington, which along with South Africa, supported Unita in the civil war. Mr Savimbi is a bad loser, and a dangerous one. A Unita military vic- coping with political rogue eletory seems impossible, but the phants, in Angola and elsewhere.

ter contained had the ceasefire been firmly implemented

The demobilisation of the Unita and government armies fell behind schedule, as did the cre-ation of a national force drawn UN monitoring team did its best, but Angola would have been better served had the UN made clear that, without full compliance with the transition terms, elections could not take place.

The most serious obstacle to lasting peace, however, may be the constitution itself. The record of post-independence Africa suggests that systems which concentrate too much power in the hands of one party lead to one-party states. Its leaders have yet to find the constitutional formula which reconciles democratic values with ethnic or religious loyalties, and

Angola is no exception.

The passions that Mr Savimbi can now exploit could have been defused by a constitution offering proportional representation in the country's executive, a decentralised government which gives provincial administrations real power, and a revenue allocation formula that ensures that all regions receive an equitable share of Angola's oil wealth. Rigorous implementation and monitoring of transitions and constitutions which acknowledge African realitles would not guarantee peace. But they offer a better chance of



In the cold light of yesterday's dawn, it was just possible to question the extent of Bill Clinton's triumph. His mandate by the popular vote, just 43 per cent, was the third-lowest this century, a thin

underpinning to his sweeping five-to-two margin in the . electoral college, with a majority built on states which he often carried by little more than a whisker. Even his acceptance address late in the night in Little Rock was hardly triumphal, sounding more like the campaign speeches that in the end came and went like a blur. It was almost as if this most determined and driven of men had not quite fully grasped the enormity of the fact that he really was the next and 42nd president of the United States.

But, as every football coach says. "a win is a win is a win" and this one offers the chance to change the fundamental political dynamic. The US once again has a president and Congress of the same party. By giving Mr Clinton and Mr Ross Perot more than 60 per cent of its votes, the country resoundingly rejected the economic and social policies that had guided it for 12 years and the man it felt had not understood why they were no longer working. And, convincingly enough, if with its heart in its mouth, it entrusted its immediate future to the 46-yearold governor of one of its smallest states mostly on the grounds that he really is "a different kind of

On that score, America's confidence ought not to be misplaced because Bill Clinton is not the identikit profligate Democrat of Republican demonology. Far from President George Bush's claim that Clinton really loves to raise taxes, the evidence is that he gets his kicks from cutting spending, not surprisingly since for 12 years he has been obliged to produce a balanced state budget. This may mean that he will not be able to do all he wants to do even his party in Congress might not let him do that - but it is a fair bet now that the country has a president who at least has an agenda, a

long one, of what ought to be done. Successful or otherwise, his will be a seriously activist, but not necessarily radical, government. In spite of all the seductions that foreign affairs offer every president, and acknowledging that some external exigency might command much of his time, it will begin with a profound domestic orientation. Its first 100 days will be bold and vigorous. There will be weighty job creation, investment and training programmes, involving both the public and private sectors; the explosion in the costs of healthcare will be addressed; there will be substantial attempts to reform the welfare system. There will be pump-priming of the economy through public works, and the local governments of America may suddenly find themselves with federal money to spend. There will be all these things not because there should be but because Clinton won election by claiming, successfully, that they are all necessary.

But that alone will not make them happen. As Walter Mondale, who ought to know, put it on election night: "If Congress treats Bill Clinton the way it did Jimmy Carter, we won't be out of power for 12 years next time, it'il be 28 years." It is true that Mr Carter came to Washington as an outsider, though with a vice-president, Mr Mondale himself, more versed in its ways than Senator Al Gore. The important difference is that Mr Clinton

With the right vanquished and the left tamed, Clinton can succeed despite a challenging agenda, says Jurek Martin

# Popular tune but a tricky score

lives and breathes politics - he even inhales it - in a way that Mr Carter, equally sharp of mind, equally committed to a better country, never did. Intelligent compro-mise has been the hallmark of his

record in Arkansas, after all. Second, the dinosaurs of Congress may not have been rendered extinct by Tuesday's wave of discontent with incumbents, but they have been chastened. Some of their lives have been cut short by term limitation amendments at the state level. The excuse to fight the other end of Pennsylvania Avenue no longer prima facie exists. And if it does transpire, as it may well, that the special interest grip on Congress thwarts reform, then Mr Clinton, who knows about populism, has another weapon up his sleeve, if he can find a way to use it.

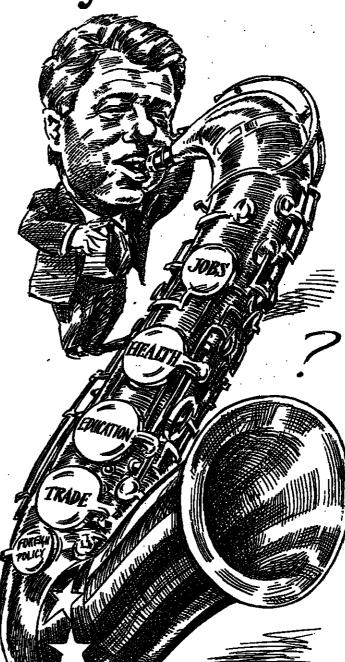
That weapon is represented by the pure populist, Ross Perot, who got nearly 20 per cent of the vote, a remarkable performance for any independent candidate, and the second-best this century after Teddy Roosevelt in 1912. To describe Mr Perot as mercurial is a gross under-statement and nobody has the foggiest idea whether, having failed to buy an election with his own money, he will stay the course and get engaged inside, rather than outside, formal politics. But he did extend a helping hand to the new president on election night and Mr Clinton is far too sharp a politician not to recognise the offer.

It is not only President-elect Clinton who senses this opportunity and the threat posed by Mr Perot and his amorphous movement if it is not taken up. There was the wily Bob Dole on election night, easily returned to his Republican Senate seat from Kansas, promising that he would speak not only for his party would speak not only for his party but for those who supported Mr Perot. Mr Vin Weber, the smart young Republican from Minnesota who is retiring from Congress in frustration, called the election "a clear vote for change", which was the specific message of both Mr Clinton and Mr Perot, and a rejection of the status quo, which was "all the Republicans and Mr Bush

could offer".

Mr Perot's agenda was originally very limited – to balance the federal budget and substantially reduce the national debt. His essential policy disagreement with Mr Clinton was only over the ferocity and means by which both should be attacked. But, as his effort unfolded, the billionaire from Texas also began to speak more in Clintonian terms, though with much less of his precision, of the need to tackle structural reform, such as educa-tion, health and welfare, and to create more and more private sector

Mr Clinton's likely Faustian bargain with Congress is to give it what it wants initially - public works spending - in return for a



longer-term commitment to cut higher taxes. Embracing the nearty spending and to pursue the social 40m Americans who now have no health insurance will not come presented, Congress might find it difficult to turn down.

His healthcare goals - to cut administrative costs and other waste by as much as \$80bn over four years, to weaken the hold of the insurance industry and, if necessary, to engage in some rationing of care — sound laudable and have deed been endorsed by powerful elements in the medical profession. His aim is a new universal system of "managed" healthcare, financed by employers and, if necessary, by cheap. A prerequisite, he has always maintained, is stringent cost controls over federal and state Medicare and Medicaid pro-

The educational goals will also not be achieved at the stroke of a pen. He wants to assure every young person of the right to posthigh school education through a national trust fund, access to which would not be denied to higher-in-come families. Student loans would be repaid differently than under the

present formula, or by community service, a constant theme in his vision of a participatory democracy. He wants a national apprentice programme, funded by a 1.5 per cent payroll tax on employers. He believes in choice in state education, but no preferential treatment for private schools. He introduced in Arkansas constant testing of teacher competence (in return for better pay) and believes it can be extended nationwide.

He frequently speaks of wanting to "end welfare as we know it", which he sees as "a culture of dependency". This means limiting present formula, or by community

dependency". This means limiting the time anybody may spend on welfare and the provision of alterna tive public service employment, in sum what is known as "workfare". This will inevitably lead him to calling, first, for ceilings and then cuts on federal and state welfare expenditures, and hence to the risk of alienation from his liberal democratic constituency (he may actually welcome such a confrontation).

hat all this costs is anybody's guess -and Mr Bush's estimates are now Clinton calculation is that a growing economy, with more people in productive work, can do the trick. This is why, as his economic advisers were freely saying in Little Rock on election night, a job-creation package will be the first order of business when he takes over and why the promises of middle-class tax cuts may have to wait a while for redemption.

The new president knows per-fectly well the financial markets doubt that he can square the circle. But he will be coming to Washing-ton with precious few hostages to fortune and even fewer obligations to those who got him there. His own ideology is so resolutely centrist, his own career so conspicuously meritocratic, that he ought to be able to call on the most eclectic range of talents. With the right vanquished for now and the left tamed, the opportunity for the practice of a new kind of politics surely exists.

The same could apply to foreign policy, to the extent that it intrudes. Only tentative conclusions can now be drawn but they must include the expectation that a President Clinton will be more interested in dealing with the European Community as a whole than with its constituent parts, which implies some diminu-tion of the "special relationship" with the UK. He will probably seek to encourage, and less to control, independent Japanese policy initia-tives in the wider arena, which could be in that country's longerterm interests. His government will be active on the environmental front, which can only be desirable, and more inclined to intervene in the face of gross violations of civil liberties worldwide, though how and where is far from clear.

But he is certainly not an isolationist and nothing like as protectionist as many in his party. In sum, he may be a fair reflection of the present, far-from-confident mood of the nation whose leaderelected, quite simply, to get it on a better domestic footing and he will be operating in the sort of altered political circumstances which give him at least a chance of success The challenges are awesome, the vested interests entrenched, his own agenda dauntingly difficult. his mandate not quite as sweeping as it once appeared on Tuesday night. Given the odds he has already overcome, he probably would not have

### PERSONAL VIEW

# A losing proposition

**By Tony Hughes** 



If the voters in the US presidential election had been UK businessmen, the outcome would have been very different. A recent Harris poll of European Community business leaders showed that 70 per cent of

those in the UK supported Bush. Is it possible that this finding is connected with President-elect Clinton's plan to "crack down on foreign companies that prosper here and manipulate tax laws to their advantage"? As UK shadow chancellor Denis Healey once promised to tax the wealthy until their pips

squeak. Does the same fate now await foreign investors in the US? Who would be hurt by such a policy? Arguably the UK stands to lose the most as the largest investor in the US, accounting for 27 per cent of total foreign direct investment at the end of 1991, compared with 21 per cent by Japan and 15 per cent by the Dutch. Democratic Senator Al Gore, the Vice-Presidentelect, has warned that the Democrats plan to raise taxes on all com-panies in which the foreign ownership stake is at least 25 per cent; the figure of an additional \$45bn tax from foreign-owned US corporations over the next four years has been

quoted by Clinton. This is an enormous amount and it is impossible to predict exactly what the consequences would be for US business under foreign ownership. But there could be a with-drawal of foreign investment, closure of a number of foreign-owned concerns and an enormous disincentive to new foreign investment into the US. To put it in perspective, \$45bn is almost twice the total amount of tax collected from foreign-owned US corporations over the entire six-year period of 1983-88.

Clinton's current proposal is to raise this additional \$45bn by stricter enforcement of existing law and not by introducing new legisla-tion. His main target will be the manipulation of prices at which goods are sold from abroad to the US. He would also increase the numbers of lawyers working on these transfer pricing cases, which would add substantially to the already heavy compliance burden

on foreign investors. However, if Clinton fails to raise the required extra revenue, as seems likely, will he feel obliged to bring in additional measures? An indication of possible action

that might be taken against foreign investors can be found in a discussion bill introduced last year by Congressman Dan Rostenkowski of Illinois, chairman of the important House Ways and Means Committee. One proposal was to impute profits to a foreign-controlled corporation. based on an industry average. It is not difficult to imagine the effect of having to pay tax on this imputed profit for a loss-making US subsidiary of a UK parent company. At the time both US Treasury officials and a Clinton spokesman expressed their disapproval of this proposal, but if future tax revenues are below expectations, there could be pres-

There are a number of cogent reasons why the US should not take specific action against foreignowned corporations:

 The US already has the most sophisticated anti-avoidance tax law in the world. It has detailed transfer pricing rules that can be used to ensure that imports into the US are not overpriced and thus US net income reduced. Furthermore there are "anti-earnings stripping" provisions which prevent profits being taken out of the US by way of a  Any action would almost cer-tainly be discriminatory and breach the US's double-tax treaties, although this has not proved a disincentive to Congress in the past.

Fear of possible retaliation. The US itself is by far the largest overend of 1989 the US accounted for 28 per cent of all foreign investment worldwide. Many countries could be expected to consider counter-measures. The UK has made it clear that retaliatory action - by denying tax refunds to US companies receiving dividends from UK subsidiaries - could be introduced almost immediately. This could cost US companies millions of dollars. As a practical matter the US leg-

islative machinery is notoriously tortuous and there must be a fair chance that any proposals could either fall by the wayside or be so emasculated as to pose a threat to foreign investors no longer. Obtaining information is always a problems for tax authorities, but

of all nations the US already has the most extensive, detailed and onerous reporting requirements placed on foreign investors which undertake transactions with their US subsidiaries. • Probably the most persuasive

pressure for not taking action will come from within the US itself. Many US states are currently doing their best to boost their flagging economies by encouraging foreign investment, while those states which already have such investment will not look kindly at measures which may drive foreign investment away.

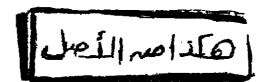
Foreign investors need to press their case immediately, but I believe they have right on their side. It is my hope that this issue will be another case of "read my lips".

The author is an international tax partner at Coopers & Lybrand UK

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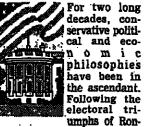


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# Change of course in the economic mainstream

The new administration's policies are unlikely to represent a return to earlier Democratic creeds, says Michael Prowse



the ascendant. Following the electoral triald Reagan and Margaret Thatcher, the industrialised world seemed to change gear,

increasingly accepting the rationality of free markets, limited government and less generous welfare policies. The collapse of communism in eastern Europe and the former Soviet Union at the end of

the 1980s and the conversion of much of the third world to market economics supposedly completed this historic transformation. Does Bill Clinton's stunning victory change any-thing? Is this the end of the conservative revolution?

It is tempting to say yes. Mr Clinton has criss-crossed America, attacking "trickle down" economics and the greed of the 1980s. He has dismissed tax cuts that favour the rich as unjust and ineffectual. He has not been afraid to proclaim his faith in government's ability to solve economic and social problems.

At the very least, the US will thus undergo a "course correction". Although the true character of a Clinton administration cannot be judged until the main White House and Cabinet appointments are announced. we are most unlikely to witness a reversion to an earlier Democratic era. After the second world war, conservatives were able to govern only after they had come to terms with the social and economic upheavals of the 1930s: they did not attempt to repeal the New Deal or the welfare state.

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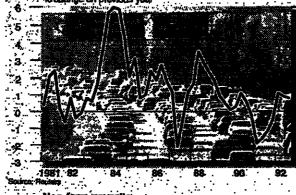
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in the same vein, Mr Clinton's victory represents an accommodation by the left to the conservative revolution of the past two decades. Mr Clinton may slightly increase taxes on the rich but he will not return to the sky-high marginal rates of the pre-Reagan

historic victory largely because he convinced Americans that indeed a "New Demo crat". Along with many conservatives, he stresses the impor-tance of economic opportunity and personal responsibility; he has also pledged to "reinvent" government, making it less bureaucratic and more entre-

American pragmatism has also played a role in Mr Clinton's victory. Many who voted Democratic on Tuesday favour lower taxes and less government: Mr Clinton's victory is less a rejection of the values of the 1980s than of Republican

US economy: ready to move again? Real per capita income



1981 82

By the standards of many countries, such as Britain, the US may appear to have had a mild recession. It has been growing sluggishly for 18 months. Yet the Bush years as a whole were a period of economic stagnation. Per capita disposable incomes did not rise. Unemployment went up. Debt burdens – public and privata - seemed intolerable. For Americans this was totally unacceptable; memories of

rapid growth under President

Worse, Americans began to

Reagan were obliterated.

you I haven't seen in my life-

out there that I must say to

How is Mr Clinton planning to overcome this entrenched mood of pessimism? All the signs suggest he will follow fairly conventional macroeconomic policles. He seems unlikely to interfere with the conduct of monetary policy. During the campaign he declined an invitation to blame the recession on the Fed, which he believes should remain independent of the executive arm of government. On fiscal policy, there is an

Clinton claims to be seeking a "third way" that respects market forces while emphasising social solidarity

celebrated "British disc Economists pointed out that productivity growth had been sluggish since 1973 and that much of the population had experienced static or falling wages for two decades. This, some warned, might be the first generation of Americans to face lower living standards than their parents. Matters came to a head last December when Mr Alan Greenspan, the chairman of the Federal Reserve and a pillar of the establishment, told Congress: There is a deep-seated concern

Mr Clinton is basking in an doubt their longer-term eco- inherent conflict between his nomic future. Historians specu-lated about a US version of the in education, training and to "cut the deficit in half" by 1996. Few analysts believe his hopes of raising large sums from rich individuals and foreign corporations are realistic. However, it would be wrong to assume that the deficit is bound to rise now that Demo-crats control both the White House and Congress.

Mr Clinton is likely to look for ways of restructuring both sides of the federal balance sheet. The rate of growth of spending could be substantially reduced if he has the

that wealthy Americans receive from entitlement pro-grammes such as health care and pensions. He may also opt for a bold reform of taxes: a shift towards consumptionbased taxes could raise revenues while increasing incentives for savings and investment. Some form of investment tax credit seems certain to form a central plank of next

courage to curb the benefits

Mr Clinton's cure for the American economy, however, is likely to look beyond shortrun macroeconomics. His talk of investment in "people-based economics" is not just a rhetorical flourish. In a world of intense global competition, he believes that governments can best promote higher living standards by focusing on the factors of production that are relatively fixed, such as the workforce and infrastructure. Additional investment in education, training and infrastructure is thus an integral part of a long-term strategy to improve the competitiveness of the private sector.

For Mr Clinton economic and social policies are interwoven. He is the first president-elect in recent history to argue that the US is doing poorly because government is failing to pro-vide services that other leading nations take for granted.

He points out that every other industrial nation spends much less than the US on healthcare yet manages to offer universal coverage. He contrasts the US's patchy training programmes with Germany's famed apprenticeship system and argues that more had to be done for the noncollege-bound majority. And he compares simplistic laissez-faire economics unfavourably with the more active industrial policies of Japan and continental Europe. The stress on social policies and workforce skills or "human capital" should not be seen as of sec-ondary economic importance. This, rather than monetary or fiscal policy, is the heart of "Clintonomics." He genuinely believes that the US will prosper in the 21st century only if it makes fundamental reforms

in these often neglected areas. When President-elect Clinton "third way" that respects market forces yet also places emphasis on social solidarity, he should be taken at face value. He is not a throw-back to the past but part of an unfolding revolution that is more liberal - in the 19th-century sense - than dirigiste in its fundamental values. Americans have voted for a technocrat rather than an ideologue; what remains uncertain is his ability to translate academic theories into practical programmes.

### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

# be sensible option

From L T Smith.

Sir, One's admiration for FT contributors is somewhat dimmed by their continued preoccupation with government U-turns.

Plans for present and future action by people and governments are always made in the light of the information available at the time. If, after plans are made, new information suggests that those plans are wrong, sensible people and governments change them.

The present government has had to make many changes in policy recently for that reason. The government's sources of information have been extremely poor and they can be faulted for not addressing the problem sooner. However, if they turn a corner and face a brick wall which is not on their map, is it right to rebuke them for making a U-turn? The FT is in the information business itself and it should be concentrating on this aspect of government incompetence and helping where possible for the good of the nation.
L T Smith,

23 Markham House, Kingswood Drive, West Duhwich, London SE21

### Shut out

From Ms Christa Kelly. Sir, Regarding "Men's club still proves elusive" (November 2), how would you feel if you were selected the most quali fied out of 250 job applicants? Pretty good, what? Then you were told that you didn't stand a chance to be invited to an

And when you finally have the recruitment consultant pinned to the wall and he conlesses that it's because you are the wrong shape, what's your next move? His excuse? "My client, the

interview. How do you feel

now? - in fighting spirit, i

managing director, prefers to discuss business in the john rather than in the board-Well, that managing director

deserves all he gets in there, don't you think? 142 Apton Road Bishop's Stortford, Herts

### U-turns may | Maastricht treaty contains seeds of its own destruction

Prom Mr Roger Helmer.

Sir, Your "A vote for Europe" editorial (November 2) lets down the normally excellent standards of your newspaper. The answer to the question, "if not Maastricht, what?" is simple and clear - the Treaty of Rome and the Single European Act, both already in place. I am talking of the Common Market (remember the phrase?), for which the British people voted in a referendum, the largest customs union in the world.

The Maastricht treaty contains the seeds of its own destruction, for precious few member states will achieve the convergence criteria to bring the single currency into effect in the foreseeable future. In that case, you may ask, what harm to ratify it? Great harm. It is a distraction from the real needs of the economies of Europe, a monstrous time-waster. Worse, the Conservative party has no heart for it: | Kored

can't buck the markets. He has yet to learn that you can't buck the people either. Roger Helmer, Suite 29, Suisse Grand Hotel 201-1, Hongeun-Dong, Sundaimoon Ku, Seoul 120,

### Stand up for copiers

From Mr Simon Holmes. Sir, Re your article on the excessive amounts being paid by British business for copiers under some copy plan agreements ("The costly image in the corner of the office". November 2), it is suggested that the Department of Trade and Industry is soon to raise the issue with the Office of Fair Trading. Laudable as this is, if the DTI is serious in its concern for users of copiers, it should also be prepared to stand up to the European Com-mission as it moves (if history is any guide) inexorably towards imposing hefty anti-dumping duties on all copiers imported from Japan.

Canon is not alone in endorsing copy plan contracts which it regards as fair. Minolta has introduced a code of conduct for all its dealers obliging them to let their customers know precisely where they stand whenever they buy a Minolta. Simon Holmes. Theodore Goddard, (solicitor to Minolta), 150 Aldersgate Street, London EC1A 4EJ

### More important than getting numbers right is reasoning and understanding behind them

the survey provides a dis-tinctly partial view of their

abilities as forecasters, let

neither does the nation, and

nor does Europe as a whole.

Denmark voted No, France

Yes. Yet the messages from

Denmark and France are iden-

tical: there is no consensus for

Maastricht. And there is none

in Germany. While a simple

narliamentary majority may

suffice for day-to-day decisions.

surely we cannot allow major

constitutional changes affecting the citizenship of ourselves

and our grandchildren to pass

in the absence of wholehearted consent. Still less can we do so

in order to save Mr Major

embarrassment in Edinburgh. Mr Major has already found

out the hard way that you

Sir, At the risk of being accused of "sour grapes" could I suggest that Peter Marsh have a word with Samuel Brittan? Impressive though the number crunching behind his survey (October 30) of UK GDP forecasts may be, it panders to what Brittan calls "the profoundly misguided view that making [short-term] forecasts is what economics is all about" (November 2).

As is their duty, the members of our economics team are ready to fall on their swords over the inaccuracy of their predictions for UK GDP in 1991

(accounted for by a period of over-optimism in early 1990). If the chancellor, or indeed any institutional investor,

alone economists. UK GDP is merely one of the hundreds of variables which they are involved in forecasting and by no means the most important. As rewarding as it must be for the winners to receive their economic Oscars, perhaps the more obvious conclusion to be drawn from this survey is that economic forecasting is a very imprecise art. More important than getting the numbers right are the reasoning and understanding that lie behind them.

However, I would suggest that | chooses his advisers on the basis of the "winners" and "losers" in your survey this year, then they risk being disappointed and surprised when next year's envelope is opened.

institutional investors show a more genuine understanding of the quality of underlying analysis than is implied by the results of your Paul Kafka,

executive director, corporate communications Nomura International Nomura House, i St Martin's-le-Grand,

### More a question of economics than fashion

From Mr R G Penman. Sir, I note the comment in

your piece on schools ("Schools for free or fee: what's the difference?", October 24) that "boarding becomes ever less ment is about as sensible as fashionable", but presumably saying, with regard to an area

demand for boarding places is down (if it is) because fewer parents at the moment can pay for them.

Your feature writers' com-

with a falling school population, that education is going out of fashion. R G Penman, Malvern, Worcestershire WR14 3DF

### Imperative to strengthen hand of United Nations in Somalia

From Mr Malcolm Fraser. Sir, As president of CARE International, which has great humanitarian responsibilities in Somalia, I have just returned from a fact-finding mission to this war-torn and drought-stricken country. I have never seen such depths of human suffering, against a backdrop of naked anarchy.

wanton destruction and total collapse of social, economic and political structures.

international community strengthens the hand of the United Nations in Somalia. Aid organisations, not least CARE international, want to expand their humanitarian and rehabilitation programmes. We have brave men and women risking their lives to mitigate the suffering in the wasteland. The UN must be equipped to give these aid workers the pro-tection that they need. Objec-

It is imperative that the tions by factional warlords assistance to bring about a must not stop the UN from deploying peace-keeping forces. Specifically, the number of troops should be increased to about 15,000. Around 500 observers would be needed across the country. There

should be greater delegation of finance and power to the secretary-general's special envoy and to the UN commander. Furthermore, the special envoy should be given greater conference as a first step towards reconciliation of factions in Somalia. Without a comprehensive package of measures, a special 100-day humanitarian programme the UN is seeking to put in place is almost certain to fail. Malcolm Fraser,

president, CARE International. 44th Floor, ANZ Tower. 56 Collins Street. Melbourne, Victoria 3000

### **OBSERVER**

### Campaign charmer

■ A set of threadbare underwear may seem an unlikely candidate for inclusion among the harbingers of Bill Clinton's success, but at least one of his helpers would claim that it brought luck to the new ...

He is Louisiana-born James Carville, who became political director of Clinton's campaign after engineering the first crack in George Bush's presumed political impregnability, exactly a year ago. The breakthrough came in Pennsylvania when little-known college professor Harris Wofford upset Dick Thornburgh, the US attorney general, in a Senate race.

Chronically superstitious, 48-year-old Carville backed Wolford not only with his political skills but by wearing the same underclothes throughout the final stage of the contest.

Perhaps it was the strain of washing them every night that accounts for the more modest magic he used in Clinton's support. He merely got out of bed on the same side every morning this last week. Another of his unorthodox claims

to fame is his romance with Mary Matalin, the acerbic political director of the Bush team. But behind his idiosyncrasies lies undoubted professionalism, including an instinct for strategy.

While Clinton was otherwise surrounded by smart people with a programme for every problem. Carville's constant advice was to relate to the concerns of ordinary people, to listen without necessarily answering back, and never to stray from the fundamental campaign theme: the state of the economy.

So what's in store for him now a place in the new administration on the model of Hamilton Jordan who, having guided Jimmy Carter to the presidency, became White House chief of staff. "I wouldn't live in a country

whose government would hire me." Carville jokes. "I've had two experiences with the government one was the Marine Corps and the other is April 15 (when tax returns must be filed), and I don't need a third." We'll see.

### A sip in time

■ Segrave Foulkes must be crossing its wine-stained fingers that the new owner of Chateau Latour cares about both history and the English

The specialist publishers have been commissioned to produce an English version of the uniquely detailed archival history - running to two dense volumes in French - of this great estate. A snip at £140, the work was due out in Britain this Christmas but. fortuitously, publication has been postponed until April. -

So there is time to insert a short chapter about the latest transfer of what, in more indulgent days, was described as the jewel in Allied-Lyons' crown, doubtless into the hands of another multinational corporation. Let's hope it's not McDonald's.

### Runway rumpus

■ Does UK corporate affairs minister Nell Hamilton have a conflict of interest? Along with the rest of the trade and industry department's top team, he has been given a regional responsibility north-west England - which includes his Tatton constituency.

Although one of the north's most salubrious areas, Tatton is under Manchester Airport's flight-path. Hence Hamilton's honorary vice-presidency of the Knutsford and Mobberley Joint Action Group trying to stop the building of a second runway. The group uses such unparliamentary words as "rapists" when referring to the airport's management.

Airport chairman Jack Flanagan,



a Manchester Labour councillor. has retaliated by calling on Hamilton to resign either from the government or from the action group, Flanagan says any trade and industry minister must be in favour of the extension to the airport, now claimed to be the north-west's leading economic generator with up to 81,000 jobs

Hamilton denies any conflict of interest as the planning decision will be taken by the environment department, not his own. He also says Liverpool's Labour councillors who want their city's under-used airport developed instead - would support him. Who would ever have expected a Tory minister to recruit Liverpool as an ally?

Chek it out Anatoly Chubais, the Russian deputy prime minister masterminding the vast

privatisation programme, is a

worried man. One of his

government's best Englisheakers, Chubais is taking time off from one of the world's tougher assignments to fret about the purity of the Russian lingo. Apparently backed up in his

sensitivities by the non-anglophone President Yeltsin himself, he was yesterday entreating reporters to refer to the bits of paper being distributed to the citizenry taking part in *privatisatsiya* as cheques not vouchers. "Vayoucher" sounds too foreign to his well-tuned ear, whereas "chek", believe it or not, is good Russian.

### Ed Average

■ Following Observer's revelations reading Penthouse to see what President Clinton means for the American bond market, it now emerges that US fund manage giant Fidelity on occasion resorts to an equally uporthodox approach

to economic forecasting. Fidelity's UK fixed income guru Martin Wooller believes that America is poised for a significant upturn next year. Why? Because his brother Ed decided to buy a car last month.

Now finance director of a medium-sized company based in Atlanta, chartered accountant Ed, who has lived in the US for the past 20 years, is his brother's best leading indicator. "The last three times he bought a car, he bought exactly one month before the end of recession," says Wooller.

### Inn-tolerance

Only a few days after the French government started its anti-smoking drive, the backlash

has begun. ` The sign on the door of a café in Saint-Germain reads: *\*Reservé* oux fumeurs. Non-fumeurs acceptes". Which roughly translated means: "Smokers Only. Non-smokers tolerated".

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# FINANCIAL TIMES

Thursday November 5 1992



Geneva conference chief warns of heavy casualties and calls for more aid

# Bosnia winter deaths 'inevitable'

By Laura Silber in Geneva

HEAVY CASUALTIES in Bosnia-Hercegovina are inevitable this winter because of the failure to meet its humanitarian aid needs, warned Mr Cyrus Vance, co-chairman of the Geneva conference on the former

Yugoslavia.
While urging the delivery of humanitarian aid be stepped up to besieged Bosnian cities, Mr Vance has called on all three sides in the conflict to accept the proposed constitution as the basis for a political solution.

But in spite of optimism expressed, in particular, by Lord Owen, Mr Vance's co-chairman, that all sides were prepared to use the document as a negotiating platform, its rejection by Mr Radovan Karadzic, leader of Bosnia's Serbs, threatens this centrepiece of the Geneva conference. The draft document envisages

**Confidence** 

defeat Irish

government

with the opposition, she said.

ernment last night following

be held within 30 days. Two dates are being considered - November 26 or December 3. The elec-

tions and a controversial abortion referendum are likely to be

The crisis began last week when Mr Reynolds accused Mr

O'Malley of being dishonest in

the evidence Mr O'Malley had

given to a parliamentary inquiry

warned earlier this week that

they felt an election had been precipitated unnecessarily by Mr Reynolds and that if the party

lost seats in the election, a search for a new leader might begin.

Fail leader and prime minister

only since February after he ousted Mr Charles Haughey in an

In the past few days the two

main opposition parties, Fine Gael and Labour, have ruled out

entering into a coalition with Fianna Fail after the election so long as Mr Reynolds remains

leader, as have the PDs and the

Labour is reluctant to join a

coalition with Fine Gael, due to

its unhappy experience in one in

1982-87. It could therefore prove

difficult to piece together a stable

government after the election

without big compromises or a further general election to break

the possible deadlock.

socialist Democratic Left party.

internal party coup.

Mr Reynolds has been Fianna

held on the same day.

cuss the coalition crisis.

By Tim Coone in Dublin

provinces along regional and not ethnic lines.

discussed alongside the proposal by the international mediators.

The hostility of the Bosnian Serbs hardened last weekend when their assembly, in the north Bosnian town of Prijedor, dismissed any such constitutional solution imposed from outside. The assembly decided to pull out of the conference unless the talks recognised the selfdeclared Serb Republic of Bosnia. Mr Karadzic has said that the

only basis for solution is an agreement signed in Lisbon on March 18. This agreement, which was first accepted but subsequently rejected by Mr Alija Izet-begovic, the Moslem president of Bosnia, called for the creation of three ethnic "cantons" amount-ing to a de facto division of Bosnia-Hercegovina.

Yesterday Mr Karadzic said Bosnian Serbs had agreed to continue Geneva negotiations on the understanding that their demand for three to five cantons would be

In September, Mr Franjo Tudjman, president of Croatia. and Mr Dobrica Cosic, his Yugoslav counterpart, signed the Geneva agreement, which would form the

basis of a peace treaty between Serbs and Croats. This has increased fears among Bosnia's Moslems that Croatia and Yugoslavia intend to divide the republic between them. But Mr Vance has made it clear that the international community will not accept this. Mr Vance also reiterated that

the results of "ethnic cleansing" must be reversed, although United Nations and European Community officials in the former Yngoslavia admit that enforcing this would be almost impos-sible, even if a political breakthrough were achieved in Geneva. Many refugees have nowhere to return to as their homes have been destroyed.

In Geneva. Mr Karadzic insisted that the Moslems were welcome to return to the selfproclaimed Serb state, but the situation on the ground is in stark contrast. Serb forces currently control some 70 per cent of Bosnia and Croats control about 25 ner cent. Mr Karadzic believes a constitution must divide Serbian, Croat and Moslem territory.

The On-going clashes in Bosnia and the instability in the UN peacekeeping zones in Croatia underline how difficult it would

be to reach a peace accord. ● A 200-strong advance party of Canadian troops being sent to northern Bosnia has been obstructed by local authorities in the region of Banja Luka, a Serb-held stronghold. General Philippe Morillon, commander of the UN force in Bosnia, is to try over the next two days to resolve deployment difficulties amid reports of fighting at Olovo, north of Sara-jevo, and at Brcko, north Bosnia.

# THE LEX COLUMN

# A moment of truth

Since the UK equity market has been trading at near-record levels in recent days, investors must have been reasonably sanguine about the Maas-tricht vote. The downside risk from a government defeat was after all clear in advance: political confusion of a sort that is anathema to financial mar-kets and the prospect of a much weaker pound (which was also holding up remarkably well against the D-Mark ahead of the vote).

A No vote thus hardly held the

A No vote thus hardy held the promise of an equity market rally of the sort that greeted the UK's initial departure from the ERM. Then the assumption was that freedom from the shackles of Europe would give the government the freedom to pursue an independent economic policy for recovery. Only later did it dawn that a widening PSBR would be much harder to fund with institutional cash-flow tight and sterling floating free. Yesterday's modest fall in long gilts suggests investors in that market too were fairly relaxed.

None of this means, however, that equities approached last night with much to look forward to from a favourable vote. An historic market multiple of over 16 makes shares expensive when there is still no economic recovery and corporate earnings are stagnant. Besides, many more nasty moments loom on the political and economic front, such as public sector pay, mine closures, and the

### J Sainsbury

Another sparkling half-year performance from Sainsbury shows why Tesco has cause to fret about the comparison between the two chains. With profits up 19 per cent, at the same time as its market share rose from 10.2 to 11 per cent, Sainsbury can afford to stand aloof. Even its heavy capital expenditure programme was more than covered by cash flow in the current half, and the outflow for the year is likely to be less than £150m. This year the company has built on its rock-solid franchise with powerful marketing and promotion to outpace its rivals once more.

Yet there are caveats. Sainsbury benefited from its special price promo-tions, the introduction of credit cards and Sunday opening this year - factors which will make it all the harder to shine in 1993. While the company insists devaluation will not add much to shop prices, it is not clear who will

FT-SE Index: 2691.7 (-13.9) J. Sainsbury Share price relative to the FT-A All-Share index

1989 1990 1991 1992

nagging doubt about overcapacity. The current aggressive pricing between the chains might be symp-tomatic of recession, or it might her-ald longer-term problems. Industry returns on new openings are falling, though they are still acceptable. As new superstores cost £25m, the costs of exit would be high, with the battle for survival bitter.

It will be others who feel the majority of that pain. But Sainsbury could perhaps turn up the heat on its weaker brethren by depreciating the value of its freehold stores.

### BAT Industries

Appropriately for the company which makes Lucky Strike cigareties, BAT industries is enjoying its fair share of good fortune. Fate has breathed life into tobacco by opening up new markets from Czechoslovakia to China. Farmers Insurance missed any serious damage from Hurricane Andrew. Lower US interest rates mean higher earnings for a company with around \$1bn floating rate dollar debt. True, mortgage indemnity insurance cost Eagle Star another £29m in the third quarter, underlining that BAT remains hostage to the UK housing market. In the context of a company making £100m a month from cigarettes, though, this now looks more of

an embarrassment than a threat.
Judging by the £175m investment in
doubling capacity at its main UK
plant, BAT believes tobacco profits have further to go. If the lucky streak continues, earnings could also be flat-tered next year by a stronger dollar. The new accruals method of accounting for long-term insurance business

understand - although not until BAT deigns to give its underlying assump tions on investment returns, policy

surrenders and so on.
With prospects elsewhere deeply uncertain, the promise of 9 per cent dividend growth this year looks appealing. Even at yesterday's all-time high, BAT's shares are trading on a prospective yield higher than the mar-ket average.

### US economy

Now the election is over, attention is switching to the details of Presidentelect Clinton's economic policies. And as his package is prepared, the response of the Federal Reserve will be equally closely watched. Yesterday the Fed's "beige book" report on the economy acknowledged that US growth was patchy, as the figures for third-quarter GNP suggested. But the Fed is likely to wait and see how much of a fiscal boost the president intends to give before considering another cut in rates, even if tomorrow's employment report shows the economy slowing once more.

With short rates so low and inflation subdued, more investors may move from cash into longer-dated US Trea-sury paper in the weeks ahead, despite fears of a higher budget deficit.

### HK Land/Trafalgar

Hongkong Land can hardly have expected to raise its stake in Trafalgar House so soon after its tender offer flopped. It must have stumbled across a pretty smart operator willing to set up its options package. Presumably that operator reckons on finding enough institutional holders willing to commit themselves to selling a portion of their stake at around 85p in February in exchange for protection against the market value of their remaining holding finishing below that level in May. With a floor under the price and no other obvious buyers in the market, Trafalgar's share price looks becalmed. That may shake out a little more paper, which would help the counterparty meet its initial commit-

ment of 36m shares.

Land's stake in Trafalgar House will thus move over 20 per cent, allowing it to equity-account the holding. It might like the outside world to believe that the deal was worth this simple convenience. The fact remains, though, that it has also turned up the heat under



# Major fights to restore authority

Continued from Page 1

most likely "if we do stand aside and let others run Europe, while Britain scowls in frustration on the fringes"

into the country's beef industry Clashing repeatedly with Mr John Smith, the Labour leader, earlier this year. Mr O'Malley had criticised Mr Reynolds' over an opposition amendment which would delay resumption the ratification process at least actions as industry minister in 1987 and 1988 in supporting beef sales to Iraq which he claimed had exposed the Irish taxpayer to until after next month's Edinunnecessary risks. The PDs burgh summit, Mr Major added: called on Mr Reynolds to with-We cannot continue to make a success of our membership of the draw the accusation. He refused, precipitating the coalition split. Community unless we ratify the Treaty that we have agreed to."
But conscious that Tory party Mr Reynolds' future within the party is likely to be called into question. Some backbenchers managers were still scurrying

win back waverers from the rebel camp, he sought also to assuage fears that Maastricht was a step towards a federal Europe. He insisted that Britain would

retain freedom over when to rejoin the Exchange Rate Mechanism and whether to move to a single currency, that it retained a veto over European-wide immi-gration policies, and that the powers of the Brussels Commis-

sion would be curbed.

As Mr Smith swapped insults with Mr Paddy Ashdown, the Liberal Democrat leader, over the latter's support for the govern-ment, Mr Major bitterly attacked Labour for its about-turn on the around Westminster seeking to

But in a less than confident speech which exposed many of the tensions in his own party over Europe, Mr Smith insisted that the debate was not about Maastricht but about a desperate attempt by the government to shore up its authority.

Insisting it had "more to do with the internal problems of the Conservative party, than it has to do with the European Community", Mr Smith added: "The truth of the present situation, the background to the debate, is that an increasingly angry and bewildered nation is watching with astonishment and dismay as this government stumbles from one easter to another."

# Clinton says do not doubt US resolve

Continued from Page 1

far west and the north-east, took almost all the big industrial states, broke the Republican lock on the mountain states and was competitive in the south. Mr Bush had the satisfaction of holding on to his adopted home of loses a run-off.

Texas and to Florida. The composition of Congress was less changed than expected. The Democrats gained only one seat in the Senate to a new total of 58, but that might revert to the status quo if the incumbent senator from Georgia, Wyche Fowler,

lost a net nine seats, apparently winning 259 seats to 175 for the Republicans with one independent, Mr Bernie Sanders, the socialist from Vermont. This disappointed the Republicans who had expected to pick up 20-25

### Gatt fails to support US sanctions on EC

Continued from Page 1

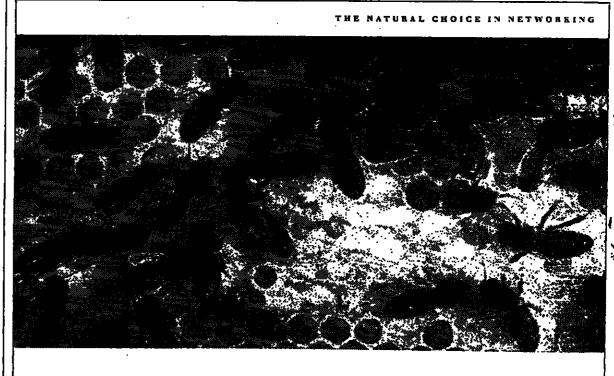
state would try to veto the package in the Council of Ministers, by invoking national interest. Officials in Brussels have already drawn up a list of counter-measures to impose if the US went

ahead with its threat. Washington, which yesterday received strong support from farm-exporting nations in Gatt, has not shut the door on negotiations. Mr Yerxa said the US intended initially to impose puni-

tive tariffs on less than \$1bn-

worth of EC goods and suspend implementation for 30 days to allow more time for resolution of the dispute. He repeated the US offer of binding arbitration within 30 days on the damages incurred by US oilseed producers as a result of the subsidies.





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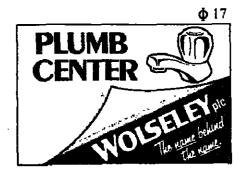


# **FINANCIAL TIMES**

# **COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1992

Thursday November 5 1992



### INSIDE

### Hongkong Land may raise Trafalgar stake

Hongkong Land, the Hong Kong property company, yesterday said it had an option to take its stake in Trafalgar House over 20 per cent. Hongkong Land, which has a 14.9 per cent stake in the UK property and construction group, said an investment house had entered an option arrangement to buy 36m Trafalgar shares on February 3. Page 24; Lex, Page 16

### Nissan's dilemma

Six months ago Nissan Motor said it would attempt to sell vehicles by stressing quality, not low prices. But this week the Japanese car-maker said prices would have to be cut to prevent it losing more customers. Page 28

### Japan adds to De Beers' woes



With world demand for diamonds languishing, the last thing De Beers, the South African group, needs is disarray in the Japanese mar-ket, one of the world's biggest. But FR, a Japa-nese jewellery importer and retailer, is adding to De Beers' woes: it has snatched a contract to import polished diamonds from Yakutia, the republic which produces most of Russia's diamonds; and is publishing a monthly diamond price index, something De Beers believes strongly should be avoided. Page 29

### **Budget tonic for Kuala Lumpur**



1,122

Not so In Kuala Lumpur, which has been scaling new heights since Mr Anwar Ibrahim, Malaysia's finance minister, delivered his budget to parliament last Friday. The market was cheered by a forecast of 8.5 per cent GDP growth and a

account deficit, as well

### as corporate and income tax cuts. Back Page Nickel output cut

Falconbridge of Canada, the world's secondbiggest producer of nickel, is to trim its output pany that accounts for a quarter of Europe's refined nickel production, is to cut output by 40 per cent. But the spate of cuts is not sufficient to reverse the slide in nickel prices. Page 26

### Air Canada reports loss

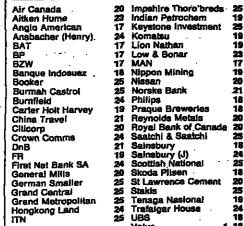
Air Canada, which has dropped its merger plan with rival Canadian Airlines International reported a C\$14m (US\$11.6m) loss for the third quarter, its busiest period, compared with a profit of C\$4m a year earlier. Page 20

### Market Statistics

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Liffe equity options
London tradit. options
Managed fund service
Money markets
New int. bond issues 34 World commodity prices 34 World stock mixt indices 22 UK dividends announced

### Companies in this issue



Western Mining

### Chief price changes yesterday FRANKFURT (DM)

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### Hungary drops **BZW** from sell-off

By Nicholas Denton in Budapest

BARCLAYS de Zoete Wedd, the UK merchant bank, has been dropped as adviser on the priva-tisation of Kobanyai Sorgyar, Hungary's largest brewery, after a dispute with government

authorities. Hungary's State Property Agency, the privatisation authority, said yesterday that BZW had invited bids for the brewery from three international companies which the government had spe-cifically excluded from the sale

BZW said it was surprised by the criticisms. "BZW has complied with all the instructions it has received," the firm said in a A Barclays executive charac-

terised the problem as one of poor communication and criticised the SPA for jumping to The SPA said prospectuses for

Kobanyai went out to Interbrew, Heineken and Brau – western brewers which have all already made investments and established strong market shares in Hungary - even though the SPA wanted to stop them making fur-ther acquisitions in the interests of competition.

Mr Lajos Csepi, managing director of the SPA, said yester-day. "It is a very elementary mistake which cannot be explained: this kind of mistake cannot be made."

This is the first time the SPA has publicly dismissed a consultant.
Mr Csepi also said he was dis-

satisfied with BZW's work on its other important mandate, the privatisation of Centrum Department Stores.

There is some suggestion that the SPA's dismissal of BZW arises out of growing suspicion of western investment banks, which have played a pivotal role in the Hungarian market-riented privatisation process but have been criticised by local officials.

investment banks to explore Hungary and advised the SPA itself at the organisation's foun-

dation in 1990. BZW remained hopeful that it could assuage the SPA in further talks and contain the damage to relations to avoid blacklisting.

But Mr Csepi said the SPA was considering removing BZW from the shortlist of advisers for the much-coveted privatisation work on Hungary's four large commer-cial banks.

# Gulf between the old and the new hen president-elect Mr Bill Clinton repeated his "challenge" to drugs companies "to give us a new healthcare system", in his

victory speech late on Tuesday night, he might have been expected to send a shudder through

the pharmaceuticals industry. However, a restructuring of the industry was inevitable, regardless of the election's outcome. The industry is already splitting into two groups, as shown by the job cuts announced last week by Bristol-Myers Squibb, Eli Lilly

and Syntex. In the past five years, when most industries have seen earn-ings constrained by weak US and European economies, the more successful drugs companies have turned in steady annual profits growth of 15 to 20 per cent.

For the past decade, pharmaceutical companies without innovative products that can command a premium have relied on price rises in the US, the world's largest market, to bolster earnings. Price increases have outpaced inflation since the late 1970s, leaving the US with some of the highest drugs prices in the world. According to Mr Viren Mehta, partner at Mehta & Isaly, the New York analysts, the high prices have helped many companies receive more than half their profits from the US, although only about one-third of total pharmaceutical sales are made in

However, recession and spiralling healthcare costs have changed the political climate, making further price increases unacceptable. Mr Clinton's victory this week shattered any remaining hope of price

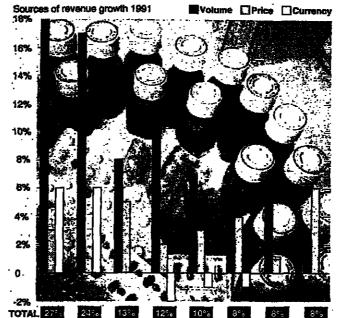
the US.

Senator David Pryor, the Arkansas Democrat who has led the congressional campaign against excessive drugs prices, has called for strong and effective cost containment against the pharmaceuticals industry, which

# Karen Zagor and Paul Abrahams on the

emerging split between drug companies

International pharmaceutical companies



Bristol- Pfizer Warner-Myers Lambert

vative products, have continued

to drive double-digit earnings

Pfizer saw net earnings rise 8 per

saw earnings rise only 5 per cent.

Last week it announced a 6 per

cent cut in its workforce in

he claimed, was making "record- Pfizer, which have new and innobreaking profits on the backs of

Wellcome Glaxo Upjohn Marck

the American public".

Over the last 12 months most companies have felt obliged to announce they would not make further increases or that they would limit them to the rate of inflation. The effects were seen in the third-quarter results announced last week, with a growing divergence in the industry between the "haves" and

Companies such as Merck and

response to the difficult pricing environment.

The move came only days after Syntex announced its first job cuts in 10 years. Mr Hemant Shah, a pharmaceutical analyst at HKS & Co in New Jersey, says that because of the difficulties facing the industry, many more pharmaceuticals companies are likely to be forced into similar

Upjohn is also suffering prob-lems. Its earnings for the third quarter were flat. A number of Upjohn's important drugs will lose their patents by the end of 1994, and analysts do not expect its new drugs to be big enough to

compensate. Eli Lilly delivered the biggest surprise of the earnings season, turning in its first-ever loss, of \$268.5m. The deficit mainly reflected restructuring and other charges of \$519.6m. Lilly's thirdquarter charge also included \$245m for manufacturing stream-

Analysts expect other companies to start targeting manufacturing, an area in which there is massive over-capacity.

"You are going to see a consolidation in the number of manufac-turing facilities," said Mr Paul Freiman, chairman of the US Pharmaceutical Manufacturers Association and chief executive

growth. Companies reliant on older products, such as Syntex and Upjohn, have stumbled. As drugs groups look for further savings, the area most likely Merck led the field with net income growth of 17 per cent. to be spared is research and development. R&D is considered the life-blood of the pharmaceuticals industry, as it provides the Meanwhile, Bristol-Myers, the world's third largest drugs group, drugs to drive earnings in the future.

of Syntex.

Nevertheless, the present rate of research and development investment - which increased

from \$4.5bn in 1987 to \$11bn last year - is unsustainable.

Most companies are now focusing their R&D resources. They are no longer researching as many therapeutic areas and have reduced the number of drugs they develop. Smithkline Beecham, for example, made 150 redundancies among research staff in September and realigned its R&D focus.

Marketing is another area likely to be cut as drug compa-nies adjust to a changing world. Mr James Sasser, Democratic senator for Tennessee, estimates US pharmaceuticals companies spend \$5,000 per doctor a year trying to encourage doctors to prescribe their particular drugs. In spite of such measures, the industry's position may worsen. Senator Pryor, the oldest and closest political associate of Governor Clinton, has promised action to rein in price rises during the first 100 days of a Democratic administration.

Such action would only add to the pressure already being felt by the industry. Mr Mehta believes that there will be "successful consolidation, where investors can expect to get some value in the short-term. among successful companies helping each other get more successful. Companies not in that league will have to continue on their own in a lonely setting until their valuation has become more realistic."

On Wall Street, drug stocks fell further than the overall market yesterday morning, reflecting uneasiness about the implications of a Clinton administration for the industry. At midday, shares in Merck were \$\% lower at \$43\%, Bristol-Myers lost \$1\% to \$66%, Pfizer fell \$1% to \$75%, Upjohn eased \$\% to \$31\% and Syntex eased \$\% to \$24\%.

"We have not really seen the final reverberations of what is unfolding," added Mr Mehta.

# agrees to sell stake in Australian mine

but a company official said WMC had not Firb before announcing the deal.

By Kevin Brown in Sydney and Kenneth Gooding, Mining Correspondent, in London

BZW was one of the first | BRITISH PETROLEUM, the UK oil group,

yesterday said Minorco, the overseas investment arm of the Anglo American Corporation-De Beers group of South Africa, had conditionally agreed to pay US\$456m for its 49 per cent holding in the Olympic Dam copper/gold/silver/uranium mine in South Australia.

Western Mining (WMC), the Australian resources group which operates Olympic Dam and owns 51 per cent, has pre-emp-tive rights to buy the BP stake within 90 days of being notified of the terms.

Mr Hugh Morgan, WMC managing director, was not available for comment

allow the Minorco deal to go through. The deal was announced after-hours in Australia but the WMC share price was virtually unmoved in London yesterday.

Analysts suggested the price would have fallen if it was widely anticipated WMC would have to find funds for the deal. The sale is subject to approval from Australia's Foreign Investment Review Board (Firb) and the state government of South Australia. However, BP is under-

stood to have discussed the sale, which might have raised problems because of Minorco's South African parentage, with

been notified of the terms and had not yet decided whether to exercise its rights. However, a straw poll of analysts yesterday showed a majority expecting WMC to House announcing the deal.

Minorco would pay US\$240m for equity in the Olympic Dam joint venture combinates there was pany plus \$216m for the project financing producing the deal.

He said Minorco would not have been interested in the stake unless there was potential for expansion. He refused to be drawn about how much expansion might

have a face value of \$290m so Minorco is receiving a 26 per cent discount because of the risk involved - they are non-recourse loans and must be serviced from WMC's part of the joint venture.

Minorco would also inherit from BP an obligation to fund all future expansion of

Olympic Dam from the present 65,000 tonnes of copper a year to 120,000 tonnes. Mr Mike Gordon, Minorco vice-president, corporate finance, said WMC was paying a commercial rate of interest on the loans from BP and was covering interest payments and some repayment of capital from income from the mine.

Minorco any problems.

Olympic Dam is a world-class mine and one of only two producing uranium in Australia. In addition to copper, it pro-duces about 1,500 tonnes of uranium U308 a year, 32,000 ounces of gold and 400,000 ounces of silver.

WMC reported an operating profit (before tax and interest) of A\$19m (US\$14m) on its Olympic Dam Investment in the year to end-1992, on revenue of A\$130m. It valued its 51 per cent at A\$425m.

# MAN warns of lower profits and 'uncertainties ahead'

By David Waller in Frankfurt

MAN, one of Germany's biggest engineering groups and a prime beneficiary of German reunification, warned yesterday that profits for the year to the end of next June would be down from the record level of the last two years. However Mr Klaus Götte, chief executive of MAN - whose pro-duction ranges from trucks to

diesel motors – sounded less pes-simistic than many of his fellow German industrialists when he said it would only be in the fourth quarter of the current financial year that the company would face serious uncertainties. In spite of a 22 per cent fall in new orders in July to September, the backlog of orders, the company's financial strength, as well as rationalisation measures already under way, ensured that the full-

year profit would be good enough to ensure the payment of a satisfactory dividend, he said. New orders dropped from DM4.17bn to DM3.25bn (\$2.13bn)

in the first three months of the current year - because of a 26 per cent fall in domestic orders and a 19 per cent drop in over-seas orders - but sales dropped by a relatively modest 5 per cent to DM3.8bn. Orders outstanding were 3 per cent down to DM16.31bn. In its last financial year, the

Munich-based group - via its MAN Nutzfahrzeuge subsidiary, the second largest German manufacturer of commercial vehicles - reported group earnings up 3 per cent to DM418m on turnover up under 1 per cent to DM19.2bn. Mr Götte warned that in the fourth quarter of the year there were "uncertainties ahead"

there would be inadequate capacity utilisation. He said the groun had initiated rationalisation mea sures a year ago in areas of the business not benefiting from the order boom, particularly in printing.

He added that by the end of

this financial year the number of employees would be down 4,500. or 7 per cent, since the economic downturn began.
As announced last month, prof-

its at MAN Nutzfahrzeuge increased 29.7 per cent to DM255m in the year to the end of June, the company's best ever performance. However it is an indication of the deteriorating conditions facing German industry that the company is cutting output, halting output for one week this month and one week in

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# BAT advances by 56% to £1.03bn

By Angus Foster in London

BAT Industries, the tobacco and financial services company, yesterday announced that profits rose 56 per cent in the nine months to September 30, helped by strong worldwide cigarette sales and a turnround from loss to profit in general insurance.

Pre-tax profits rose from £657m to £1.08bn (\$1.7bn) while earnings per share more than doubled to 35.9p. For the latest quarter, profits increased 60 per cent to £387m. Sir Patrick Sheehy, chairman, said the results were further evidence BAT's growth could be maintained. "We're really rather pleased," he said. He repeated an earlier pledge that full-year dividend growth would "at least" match the 9 per cent increase paid at the interim.

BAT's shares added 8p to 914p,

after touching an all-time high of said Eagle Star was unlikely to

Turnover from continuing operations increased 3 per cent to £14.5bn. Tobacco trading profits rose 16 per cent to £805m helped by rising margins. Exports, mainly to eastern Europe and Asta, grew by a quarter and now account for 20 per cent of total volumes. Brown & Williamson, the US subsidiary which had a weak second quarter, reported growth in volumes and profits in the latest three months, Sir Pat-

rick said. Trading profits from financial services jumped from £142m to £376m, mainly due to reduced losses at Eagle Star. Mortgage indemnity charges, to cover house repossessions, fell from £169m a year ago to £78m and helped Eagle Star cut its losses post-tax profits for 1291 of £153m. from £243m to £66m. Sir Patrick Lex, Page 16

return to profit until 1994 because of continuing uncertainty in the housing market. Mortgage indemnity charges were likely to continue at about £25m a quarter.

Other financial services divisions performed well, with US subsidiary Farmers lifting trading profits 18 per cent to £305m. Allied Dunbar increased profits 4 per cent to £93m. Reduced losses at Eagle Star, and improved underwriting results, led to profits from general insurance business of £173m, against losses of

BAT restated its life assurance profits for the past two years under the new "accruals accounting" method, which would have increased to £310m published

### INTERNATIONAL COMPANIES AND FINANCE

# four European countries

By Ronald van de Krol In Amsterdam and Michiyo

PHILIPS, the Dutch electronics group, is to stop selling personal computers (PCs) to consumers in Britain, Scandinavia, Ireland and Greece, marking a further retreat from the highly competitive sector.

The company, scheduled to release third-quarter results today, said the decision to end PC sales in these countries would lead to the closure of its European PC distribution centre in the Dutch town of Tilburg, with the loss of 40

A Philips spokesman denied that Philips was pulling out of

PCs, but the group has taken a and eroded margins. significant step in retreating in April, Philips announced significant step in retreating from PCs as a strategic product by merging its PC division in the UK with its interactive media systems business.

"We increasingly see ourselves not as a mainstream PC seller but as selling applica-tions to users which involves hardware and software," said Mr Simon Turner, head of the UK PC operations.

Philips's PCs are sold mainly as part of an overall systems package rather than on their own. The Eindhoven spokes-man said that the group was continuing to watch developments closely. Fierce competition among PC manufacturers has led to price wars

that it was cutting 600 of the 1,800 jobs in its loss-making PC operations and halting the direct sale of PCs in the US. Its new strategy in the US is to seek to produce PCs for US

market the equipment under their own brand names. Philips pulled out of the mini-computer sector in 1991 when it sold most of its computer division to Digital of the US. PCs were then transferred to the Dutch company's con-

companies which will then

sumer products division. Philips will continue to supply PCs to other parts of Europe directly from its manu-

adviser to the brewery, has a 12 per cent stake in Prague

include investment funds con-trolled by leading commercial

A remaining 28 per cent

equity stake is held by workers, management and the state

property agency, the Czech

government body which is

monitoring the privatisation

Other large shareholders

# **Prague Breweries seeks partner**

By Philip Rawstome in London

PRACUE Breweries, the second-largest brewing group in the Czech republic, yester-day announced that it was seeking an international industrial partner.

Mr Stanislav Prochazka, chief executive, said: "We believe our company has an excellent platform for future

### **Indosuez** takes over Hungarian investment bank

BANQUE INDOSUEZ, the merchant banking division of France's diversified Suez group, yesterday finalised the takeover of Kulturhank, one of Hungary's largest investment banks, writes Nicholas Denton in Budapest. The French bank has merged its existing Hungarian operations and Kulturbank to create Banque Indo-

suez Hungary. The move follows a Hungarian government go-ahead for Indosuez to take a 63.8 per cent stake in Kulturbank, for an undisclosed price. Banque Indosuez said it planned to make the new subsidiary the centre of its regional network.

Prague Breweries, which has a dominant market position in the Czech capital, was included in the first wave of the country's privatisation programme and will have 72 per cent of its equity owned, as a result, by domestic shareholders mostly regrouped in the largest seven private investment

Creditanstalt Securities, the Prague-based investment bank,

### which has been retained as programme. **UBS** sees impetus from international operations

banks.

UNION BANK of Switzerland, the country's largest bank, expects its international operations will continue to drive its profit growth. Mr Robert Studer, chief executive, said he was "pleased" with the results so far this

year.
"We are anticipating an improvement in consolidated cash flow for 1992 as a whole." Mr Studer said, adding that he expected a further increase for 1993. Cash-flow last year was SFr3.4bn (\$2.50bn) and net income SFr1.2bn. Provisions for bad loans, most of them in

Switzerland, would be no higher than last year's SFr1.7bn, he said. Mr Studer said that "the international side of our business must contribute an

increasing share of our overall

Mr Matthis Cabiallavetta, executive vice-president responsible for trading and risk management, indicated that UBS' London subsidiary had done extremely well during the recent European currency turmoil.

● Leu Holding, part of the CS Holding banking group, said third-quarter net income was "satisfactory"

# calls for rethink on Siemens link

By Ariane Genillard in Prague

MR LUBOMIR Soudek, the new chief executive of Skoda Pilsen, Czechoslovakia's largest engineering group, has called for the renegotiation of its two joint ventures with Siemens. the German electrical

and electronics group.

His move follows the Czech government's decision to sell him and two leading Czech commercial banks a 38 per cent stake in Skoda Pilsen. Mr Soudek was appointed chief executive last Monday.

KWU. Siemens' energy unit. last December beat Westinghouse of the US and Asea Brown Boveri, the Swedish-Scandinavian power group, to acquire 67 per cent of Skoda's energy subsidiary. The Ger man group is also planning a second joint venture with Skoda's transport arm, and is close to acquiring a 51 per cent stake.

Mr Ladislav Tatel, deputy chairman of Skoda Pilsen, yes-terday said Siemens' stake in the transport subsidiary should be reduced because he believed the Czech company was better able to sell the locomotives it produced.

"We are also thinking about reconsidering Stemens'. joint venture with our energy department. So far, all recent domestic contracts have gone to rival groups, such as First Brno Engineering and Westinghouse of the US," he

Mr Bernhard Weiss, head of the Siemens team which negotiated the transport jointenture, ruled out a renegotiation. "We discussed 99 per cent of the joint-venture contracts with the old management last year and are not willing to start the whole procedure again. We will make it clear to the Czech government that we are only willing to discuss on the basis of what has been agreed so far," he said.

The Czech government has been hard-pressed to find ways of privatising the large engineering enterprise, which is saddled with an estimated 4bn crowns (\$140.35m) of debt and recently laid off 1,200 workers.

# Philips to end PC sales in |Skoda chief |Volvo reverses out of a cul-de-sac

### Kevin Done and Christopher Brown-Humes on the troubled carmaker

OLVO'S painful decision to close two of its three car assembly plants in Sweden is a hitter blow for the prestige of the carmaker, which has run up losses in core operations for the past seven quarters,

It is a particular setback for Mr Pehr Gyllenhammar, the group's increasingly autocratic chairman, who has tried for two decades to fly in the face of motor industry wisdom else-where by pioneering alternative car assembly systems in

Sweden. Volvo's announcement that is to close its Kalmar and Uddevalla final assembly plants is also a body-blow for successive Swedish governments' interventionist regional policies, which had sought particularly in the 1980s - to expand the automotive industry to fill the gap left by the collapse of Swedish shipbuild-

It follows only 19 months after Saab, its smaller - and also chronically loss-making -Swedish rival was forced to close its Malmö final assembly plant, which had been modelled on the assembly methods of the Volvo plants.

Financial crisis had caught up earlier with Saab, which lacked the resources of the bigger Volvo group and which was forced to close the Malmö plant less than 18 months after it had been opened, to great fanfare, on the site of the defunct Kockums shipyard. A year earlier, control of Saab had been taken over by General Motors. It had quickly become clear to the new GM management in 1990 that, while the Malmö plant was untenable in the increasingly

too were the Volvo The two Volvo facilities had been conceived in much more comfortable times, notably the more modern Uddevalla plant, which started production in

harsh and competitive climate of the European auto industry,

When its planned construction was announced in January 1985, Volvo had just announced record earnings for 1984 and was surfing on a wave windfall profits from the inflated US dollar, which had made it - temporarily - perhaps the world's most profit-

Mr Louis Schweitzer, chairman and chief executive of Renault, the French carmaker and Volvo's partner in a far-reaching Franco-Swedish motor industry alliance, believes that Volvo's problems stem from its profligacy in those earlier fat years - when Renault, by contrast, was running up huge losses.

When the money came in easily as the most profitable carmaker in the world, they spent lavishly. You see the rich cousin and the poor cousin when you look at their plants yesterday. They have excess costs, but now they are coming to grips with their

The clearest warning that Volvo had been heading up a cul-de-sac with its Scandinavian system for car assembly came from a team of academics which two years ago published The Machine That Changed The World. This was the influential treatise on world car industry production methods. It first coined the phrase "lean production" to describe the Toyota production system which has become the model for all western car-

makers. "Simply boiting and screwing together a large number of parts in a long cycle rather than a small number in a short cycle is a very limited vision of job enrichment," wrote the report about the Volvo sys-

hat the Uddevalla and Kalmar plants have survived so long owes much to the stubborn vision of Mr Gyllenhammar, who took over as Volvo chief executive in 1971 and became chairman in 1983.

He has much personal prestige invested in the plants. where he tried to move the production system away from the traditional Ford assembly line. The Kalmar plant opened in 1974. It was based on Mr Gyl-

and ours." Mr Schweitzer said lenhammar's concepts of a work-team approach, with computer guided carriers bringing supplies to decentral ised assembly points.

Nath

It has taken a severe financial crisis to force Volvo back to the basics of carmaking at its two traditional plants at Torslanda, Gothenburg, and Ghent in Belgium. The closures come at a time

of rising unemployment in a country where small communities are often based around one company. There will be not just the impact of the direct job losses - 320 at Uddevalla and 800 at Kalmar - but the knock-on effect of associated iob losses.

Unemployment at Uddevalla is set to increase to around 20 per cent following the closure, and at Kalmar to 15 per

The closure decisions show that Volvo's tough new chief executive, Mr Soren Gyll. is making an early impact on the group. Far-reaching rationalis-ation has been probable ever since he declared in August

that "nothing is holy".

Against a background of depressed sales in the group's three main markets - Sweden, the UK and the US - the cuts seemed inevitable. Sweden has just reported that October car sales were 38 per cent down on a year ago, and analysts expect a further steep fall in sales next year as a result of Swe-

# Sainsbury lifts interim profits by 19%

By John Thornhill in London

J. SAINSBURY'S strongest volume sales growth in foods for five years enabled the UK's biggest retailer to show a faster turn of speed than arch-rival Tesco, and lift interim pre-tax profits by 19.4 per cent to £391m (\$598.2m).

But the stock market greeted the news by knocking 3.6 per cent off Sainsbury's share price as some investors were unsettled by the cautious stance on current trading and took profits after its recent strong rise.

David Sainsbury said the outcome was "extremely good" given the harsh economic climate and the fall in food price inflation to its lowest level in five years.

He attributed the company's continuing resilience to a sharpening of its offering. "We have seen a decline in the product quality and the standards of service elsewhere while we are giving better value for money than ever before. Customers are voting with their feet," he said.

In the UK, sales from Sainsbury's food stores, Savacentre

£4.75bn. Like-for-like sales from food stores rose 3.7 per cent with price inflation averaging 3 per cent - while 14 new super-stores accounted for the remainder of the increase in

turnover. The foodstores' operating profits were 18.9 per cent higher at £361.2m, benefiting from further cost reductions and productivity improvements. But Homebase "bore the scars" of the price war in the DIY market lifting profits just 3.1 per cent to £9.1m.

Sainsbury's US subsidiary, Shaw's, was badly hit by recession and saw trading profits

near static sales of \$994.7m Overali, Sainsbury's group sales rose 10 per cent to £5.29bn in the half-year to September 26.

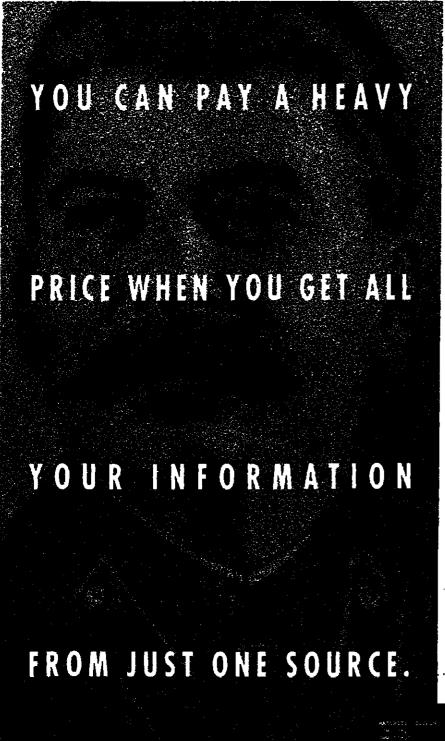
Capital expenditure totalled £384m and added the equivalent of 2,800 jobs over last year. But operating profit per full-time employee rose 10 per cent to £213 a week due to greater operating efficiencies. Earnings per share worked out 10.8 per cent higher at 14.99p. The interim dividend

was lifted by 12.5 per cent to Sainsbury's shares ended the day down 18p at 487p.

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treasury pricing

Presiding over his first results since taking over from hypermarkets and Homebase his cousin as chairman, Mr DIY stores rose 12.8 per cent to fall 16.5 per cent to \$21.4m on All of these securities having been sold, this appouncement appears as a matter of record only 40,000,000 Ordinary Shares The News Corporation Limited Global Coordinato Merrill Lynch & Co. 5,000,000 Ordinary Shares The above shares were underwritten by the following group of United Kingdom Underwriters Merrill Lynch International Limited Barclavs de Zoete Wedd Limited County NatWest Securities Limited Kleinwort Benson Limited Prudential-Bache Securities (Australia) Limited N M Rothschild & Sons Limited UBS Phillips & Drew Securities Lin 4,000,000 Ordinary Shares The above shares were underwritten by the following group of Multinational Underwriters. **Merrill Lynch International Limited Credit Suisse First Boston Limited** Deutsche Bank James Capel & Co. Credit Lyonnais Securities Paribas Capital Markets Group Swiss Bank Corporation 13,000,000 Ordinary Shares The above shares were placed by the following Australian Underw J.B. Were & Sor Merrill Lynch (Australia) Equities Limited Prudential-Bache Securities 9.000,000 American Depositary Shares Representing 18,000,000 Ordinary Shares The above shares were underwritten by the following group of U.S. Underwriters Merrill Lynch & Co. Allen & Company Incorporated Donaldson, Lufkin & Jenrette Bear, Stearns & Co. Inc. The First Boston Corporation A.G. Edwards & Sons, Inc. Hambrecht & Onis

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Paphay is watchie finnsji Bosetory Payrod Makets, (Mi. Kegis titler Fayrod) Aleksi Miss, Matchie Giolof 24. CHICK (no. . Restor and Sepolas (acceptor

# Lion Nathan rises 64% after **Bond purchase**

By Terry Hall in Wellington

LION Nathan, Australia and New Zealand's biggest brewing group, yesterday announced a 64.3 per cent rise in net profits to NZ\$116.65m (US\$61.39m) for the 12 months to August, from

NZ\$70.98m the year before.
The result reflected the purchase of the former Bond Brewing assets with effect from March 31. Up to that date, Lion Nathan owned half of the company, which owns the Swan, Tooheys and Castlemaine XXXX brands.

Directors said that a significant rise in operating profits was achieved in spite of diffi-cult trading conditions in both Australia and New Zealand. They said the outlook was for a further strong performance in the 1992-93 year helped by the company's port-folio of strong brands.

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Beer things - No. 152 Mar.

A CONTRACTOR

But increased competition and difficult trading conditions in New Zealand and Australia would be a challenge.

While the result was slightly above analysts' expectations, there was surprise at the high level of extraordinary losses of NZ\$95.49m.

These included the sale of the former Woolworths New Zealand department store group Deka to Maori interests, resulting in a NZ\$30.25m loss. Other extraordinary losses included a write-down on prop-erty interests of NZ\$54.41m, a loss of NZ\$10.39m on discontinuing stopping certain business involvements, and NZ\$10.34m

By Terry Hall in Wellington

CARTER Holt Harvey, the New

Zealand forestry group, expects to announce the sale of Sea-

lord, its fishing subsidiary, later this week, Mr Wilson

Whineray, deputy managing director, said yesterday.

This followed the decision by

the New Zealand appeal court yesterday that it would not

interfere with a deal under which the government plans to advance NZ\$150m (US\$78.9m)

to a group of Maori people to help them form a joint venture

Sir Robin Cook, appeal court

chairman, described the agree-

ment between the Maori people and the government, which is

aimed at settling fishing claims

TENAGA Nasional, Malaysia's partially-privatised electricity utility, has announced a dou-

bling in taxable profits to

M\$1.41bn (\$561m) for the 12 months ending August 1992.

This compares with M\$702m

the year before. Turnover rose 16 per cent to

M\$4.28bn from M\$3.70bn. The

buy Sealord.

By Kleran Cooke in

of fishing unit near

due to the sale and writingdown of investments associated with the unsuccessful merger with Australian Con-solidated Investments (ACIL), the former Bond company. ACIL is now controlled by Brierley Investments, the New Zealand holding company.

In a settlement announced to the Australian and New Zealand stock exchanges last night, Lion Nathan said it had reached an agreement with ACIL to end litigation and finalise the price of the brewery

Under this, Lion Nathan will pay A\$38.38m to ACIL, which will be settled by the issue of Lion Nathan junior capital stock and ordinary shares.

The Australian beer market shrank by 3.5 per cent during the year and there was little growth in the soft drink industry. However, the directors said there were signs that the contraction in the beer markets in both Australia and New Zealand had bottomed out. Lion Nathan Australia saw its national market share rise above 40 per cent. In New Zea-

land, the group's market share

dating back to an 1840 treaty between the Maori tribes and

Queen Victoria, as an "historic

It has received two bids for

Sealord: one from Ashlar Cor-

remained at 57 per cent.

New Zealand liquor activities produced net profits of mild" recovery is expected in the US and Europe.

Overseas sales of its construction equipment fell 12.1 per cent, while those of indus-trial machinery were down NZ\$97.5m compared with NZ\$105.03m on lower sales of NZ\$625.59m against 28.5 per cent during the first half. The fall in industrial NZ\$711.49m. Net losses of NZ\$13.93m were incurred on soft drinks compared with machinery demand is a setback for the company's plans to broaden machinery produc-tion and reduce reliance on the NZ\$16.48m, on turnover of

construction market. Komatsu was weakened by Carter Holt Harvey sale the fall in stock prices as the value of its holdings fell from Y849.8bn last September to Y226.8bn this September.

### Nippon Mining slides 36.5% for half-year

Komatsu's

in building

slowdown

By Robert Thomson in Tokyo

THE slowing of private

construction orders and reduc-

tions in capital spending by Japanese manufacturers were

blamed by Komatsu, the maker of construction machin-

ery, for a 40.9 per cent fall in

pre-tax profit to Y12bn (\$98m) for the first half to the end of

September. Sales during the period were

down 13.9 per cent to Y259.7bn, with sales of con-struction equipment down 13.6

per cent to Y200.6bn and those

of industrial machinery down 31.9 per cent to Y28.8bn. The

figures reflect weak demand from the car and electrical

Komatsu said the outlook

for the rest of this year and next was clouded by "the lag-

ging recovery in private sector

equipment investment and by political and economic uncer-

tainties at home and abroad".

dent the government's emer-gency economic package,

announced in August, will

lead to increased construction

equipment orders for public

projects, while a "relatively

But the company is confi-

goods industries.

earnings cut

By Steven Butler in Tokyo

poration - a consortium of Danish and New Zealand companies, led by the fishing group Royal Greenland - and the NIPPON Mining, the Japanes metal processing and oil refin-ing group, yesterday reported a 36.5 per cent slide to Y3.06bn Maori-Brierley consortium. Both are believed to value Sealord at between NZ\$300 and NZ\$400m, it is New Zealand's (\$25m) in parent company pre-tax profits in the half-year to September from Y4.81bn a biggest fishing company. However, two Maori groups opposed to the deal to buy Seayear earlier, as a result of eav thev u either the United Nations or throughout its core busine the British Privy Council. Sales fell by 11.7 per cent to

Y384.84bn from Y435.72bn. They are opposed to the In the metals side of the deal which sets out to be a business, sales fell by Y13.9bn to Y141.1bn, with sales of cop-"final settlement" to the per, gold, and silver all reduced in value. The volume of zinc sales fell, although a rise in prices helped improve Malaysian electricity utility doubles profits to M\$1.4bn

the value of sales.

The volume of petroleum products sales fell from 8.69m 8.7 per cent last year and is forecast to grow by 8.5 per cent kilolitres to 8.16 kilolitres, while the value of sales was off by Y39.45bn to Y241.26bn. Tenaga said the results also reflected the gains made by a shift to lower-cost gas fuel At the net level, Nippon Min-ing's profits fell by 64.5 per cent to Y905m from Y2.55bn.

### Correction Nikon

NIKON announced operating losses of Y2.48bn (\$20.8m) on sales of Y104.27bn for the six months to September 30. These figures were incorrectly reported in the FT on November 2.

# present financial year.

The group had also been helped by the strengthening of

Tenaga was partially priva-tised in May and is now

the biggest company on the

from coal and oil.

the Malaysian dollar.

ASFINAG

# Finanzierungs- Aktiengesellschaft

U.S. \$200,000,000 'Guaranteed Floating Rate · Notes due 1996

ordance with the provisions of In accordance with the provisions of the Notes, notice is bereby given that the Rate of Interest for the three month period ending 4th February, 1993 has been fixed at 3.525% per annum. The interest accruing for such three month period will be U.S. \$90.08 per U.S. \$10,000 Bearer Note, and U.S. \$900.83 per U.S. \$100,000 Bearer Note, on 4th February, 1993 against presentation of Coupon No. 1.

Union Bank of Switzerland London Branch Agent Bank 2nd November, 1992

Union Bank of Switzerland Finance N.V. U.S. \$250,000,000 Guaranteed Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six that the Rate of Interest for the six month period ending 4th May. 1993 has been fixed at 5% per annum. The interest accruing for such six month period will be U.S. \$25.14 per U.S. \$1,000 Bearer Note, and U.S. \$251.39 per U.S. \$10,000 Bearer Note and U.S. \$2,513.89 per U.S. \$100,000 Bearer Note on 4th May, 1993 against presentation of Coupon No. 1.

# Union Bank of Switzerland London Branch Agent Bank

2nd November, 1992

# Sparkle on Fair and Reasonable diamonds

Emiko Terazono reports on the upheaval caused by the Japanese jewellery retailer

R, a Japanese jewellery importer and retailer, is adding to the present woes of the Reevs the present woes of the Reevs the present woes of De Beers, the South African group, by taking a new approach in Japan's diamond market. This has grown into one of the world's largest, thanks to the demand for luxury goods in the boom of the late 1980s. Not only has FR - which stands for Fair and Reasonable - snatched a con-tract to import polished diamonds from the recently re-named autonomous republic of Sakha - formerly Yakutia - which produces most of Russia's diamonds, it has also shocked the trade by publishing a monthly diamond price index, something De Beers believes

strongly should be avoided. With worldwide demand for dia-monds languishing because of recession, the last thing De Bears needs is disarray in the Japanese market, which vies with the US as the world's biggest and accounts for about one-third of

total diamond retail sales. FR, a newcomer to the Y1,000bn (\$8.18bn) Japanese retail market, is

stocks. Last July, it set up a diamond shop in Ginza, the classy shopping district of Tokyo.

FR was listed on the over-the-counter market in April last year and has grown at a speed unprecedented in Japan. Headed by Mr Yoshihiko Suzuki, the 33-year-old president, sales have risen to Y26bn since it was set up 10 years ago. But FR's share price has plunged 63 per cent from the beginning of last month after rumours of financial difficulties.

Mr Suzuki refutes the rumours, and stock market analysts suggest the sto-ries may have been started by FR's competitors. "The company is up against the world's largest diamond cartel as well as long-standing Japanese retailers," points out Ms Setsu Yama-zaki, retail analyst at brokers James Capel. But Ms Yamazaki adds that FR undoubtedly faces hard times because of the fall in consumer spending. Mr Suzuki says imports of polished

aggressively expanding at a time when diamonds from Sakha will start this month. He says FR has a contract to distribute 10 per cent of the diamonds which will be cut and polished in the republic by a joint venture company established in May between Yakutia and Arda, a Japanese trading company. Diamond cutters are being recruited from Moscow.

However, De Beers, which controls 80 per cent of world trade in rough diamonds, claimed last week that it had been given an undertaking by Sakha that, if a cutting centre was set up, De Beers would take charge, not the Japa-

evertheless. FR has already opened a stone polishing and cutting factory in Yamanashi prefecture, west of Tokyo, and wants to bring over trainees from Sakha. The company expects imports from Sakha, which will total some 6,000 carats during the next two months, gradually to increase to an annual 300,000 carats.

Meanwhile, FR has derived a bid and offering price for customers, by adding a 17 per cent margin to the average importers' price. Mr Suzuki says diamond prices at other retailers are two

to five times higher than that of FR's. He adds FR is ready to buy customers' diamonds bought from other retailers. "Before, people only had the option of a pawn shop to cash their diamonds. I want to create a secondary market,"

he says. Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scorn among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished dia-

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he

### Thai Airways falls 49% in quarter

By Victor Mallet in Bangkok

THAI Airways International. the partially-privatised national airline, has announced a fall in net profits to Bt3.02bn (\$118m) in the year ended September 30, down from Bt3.50bn the previous

In the September quarter, net profits fell 49 per cent to Bt1.2bn from Bt2.35bn a year earlier, reflecting fierce regional competition and Civilians chosen by the pre-

vious government took control

of the airline's board from the air force in early September. and the new management is attempting to improve the company's performance and shake off allegations of corruption which have sullied the airline's image in recent

Most stock analysts are encouraged by the boardroom revolution, although they still regard the company's shares as overpriced compared with those of regional competitors Cathay Pacific and Singapore

Profits have again been

boosted by aircraft disposals. but brokers say the latest sales make sense because they rationalise the fleet and help reduce over-capacity; in 1991 the airline sold aircraft and immediately leased them back simply to raise

Brokers are waiting for fur-ther details of the 1992 results and for the company's revised profit forecasts. Sales in the 1992 financial year rose 5.9 per cent to Bt48.43bn, while in the September quarter they rose 4.1 per cent to Bt12.27 over the same period last year.

### Indian share issue postponed

By Shiraz Sidhva

INDIAN Petrochemicals Corporation, India's largest petrochemicals company which was set to become the country's first state-owned company to offer equity to foreign investors, has postponed its planned issue until the second quarter of the financial year to March

The issue, expected to raise around Rs6.5bn (\$228m), was

slated for the first quarter of The company had proposed to offer about 14 per cent of its equity in two tranches to forthe delay was the lukewarm response companies floating similar issues had receiv

A board meeting this week decided not to proceed with the issue until it had been thoroughly discussed with Mr K. G. Ramanathan, the chairman who took over this month.

The company will, however go ahead with a local share issue on November 16 to raise Rs200m and reduce the government stake to 51 per cent.



# Creating a \$1.1 billion

In the spring of 1992, The Wellcome Trust—the largest shareholder in the pioneering U.K. pharmaceuticals company, Wellcome plc—made a decision.

To diversify its investment and to increase its support for medical research, The Wellcome Trust would sell a substantial portion of its shares through a multi-billion-dollar global equity issue.

The U.S. portion alone would be the largest non-privatisation equity offering by a foreign company in the US.

But the complexities would be enormous. Wellcome was not well known to U.S. investors. And the shares were being sold into an uncertain market.

Still, it was a company with great inherent value. Communicating that value to investors would call for a thorough marketing effort.

Success would hinge on new approaches. First, a program was instituted to pinpoint key U.S. investors.

Then a special marketing period was created to add three weeks to the usual preoffering period.

Most important, a series of presentations were set up to let analysts and investors hear Wellcome's story firsthand—from its management and scientists.

These in-person and closed-circuit TV seminars clearly set forth the exciting potential of the growing field of antiviral medicine.

Result? Berween July 6 and July 24, a team of U.S. investment bankers led by Morgan Stanley built a book of over 200 U.S. institutional investors - of all sizes - who purchased \$1.1 billion of the \$4.5 billion worldwide offering.

Creating one of the top ten US. common equity offerings in history

And a warm reception for a world-class company

**MORGAN STANLEY** 

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Kuala Lumpur stock exgroup said the increase in turnover was mainly due to a big change. The group said it expected to maintain turnover and profit levels for the remainder of the growth in demand for electricity from the industrial Malaysia's economy grew by Notice to Bondholders £150,000,000 Hillsdown Holdings plc 4½% Convertible Bonds Due 2002 (the "Bonds") Bondholders should be advised that in accordance with Condition 7(c) of the Bonds any holder wishing to exercise their option to require Hillsdown Holdings pic to redeem their Bonds on December 27, 1992 at a redemption price of 125%% of the principal December 27, 1992 at a recembion price of 125% of the princepal amount thereof will be required to deposit their Bonds with any of the Paying Agents listed below at any time after December 6, 1992 and prior to close of business on December 20, 1992 with a duly completed Option Notice which is available from the offices of any PRINCIPAL PAYING AND CONVERSION AGENT The Chase Manhattan Bank, N.A. Woolgate House Coleman Street general section in the section of th London EC2P 2HD **PAYING AND CONVERSION AGENTS** Car of the State o Chase Manhattan Bank Chase Manhattan Bank Luxembourg S.A. 5 Rue Plaetis (Switzerland) 63 Rue du Rhône L-2338, Luxembourg Grund The Board of the State of the S Banque Bruxelles Lambert S.A. 24 Avenue Marnix B-1050 Brussels The Real Property

CHASE By: The Chase Manhattan Bank, N.A. London, Principal Paying and Conversion Agent November 5, 1992

Market Myths and Duff Forecasts for 1992 The recession is over; stockmarkets are in a builtrend, the US dollar will confinue to receiver. You did NOT read that in FullerMoney the iconoclastic investment letter.
Call Jane Farquharson for a sample issue (once only)
Tel: London 71 + 439 4951 (871 in UK) or Fax: 71 + 439 4965.

# **Buoyant Woolworth rises** sharply on strong sales

WOOLWORTH Corporation, the US retailer which operates both general merchandise outlets and specialty stores, yesterday reported sharply improved third-quarter results. The group hoisted after-tax profits from \$41m a year ago to

The profits increase came on sales up by 3.2 per cent, at \$2.5bn overall. Within this advance, Wool-

worth saw faster progress on the specialty store side - sales rising by 4.4 per cent - while the general merchandise revenues only increased by 2.2 per However, Mr Harold Sells,

chairman, said the group was "encouraged that the rate of increase in sales and profits in in the US were "essentially Air Canada posts C\$14m loss

AIR CANADA, which has

dropped its merger plan with rival Canadian Airlines Inter-

national, reported a C\$14m

(US\$11.6m) loss for the third

quarter, its busiest period.

By Robert Gibbens in Montreal

the third quarter was greater than that of the first half". He added that the progress being made with Woolworth's store redeployment programme should mean further improvements in sales and profits throughout the all-important fourth quarter". The third-quarter results

mean the stores group has now reported after-tax profits of \$115m for the first nine months of the year, on sales of \$6.83bn. This compares with a net loss of \$38m in the same period of 1991, but the 1991 came after a one-off, non-cash charge of \$113m related to a change in accounting standards.

Yesterday, Woolworth shares responsed with a \$% rise to Woolworth said its revenues

increase in operating expense.
"However, the worldwide

softness in passenger yields,

particularly on transatlantic

routes, has eroded much of the

benefits produced by the

aggressive management of

flat". However, there was reduction of approximately 8 per cent, year-on-year, in the number of stores operated, and on a comparable-store basis, sales rose by 2.4 per cent. Overseas revenues rose by

7.5 per cent in US dollar terms, although if the currency translation was made at year-earlier foreign exchange rates, the rise would have been 4.6 per cent. F.W. Woolworth, a unit of Woolworth, said up to 40 locations would be added to its new The Bargain! chain. The company said the loca-

tions to be acquired were mainly in Ontario and eastern Canada and were occupied by the Bargain Harold's chain. It said some 20 The Bargain! locations would be opened by the end of the month, and the

because it maintained the pre-

merger terms would not have

created a viable airline and

was not in its shareholders'

Canada may attempt a new

merger deal or try to acquire

some assets from Canadian.

C\$250m. Canadian's employees

would make pay concessions

and find further equity - a

Air Canada is now one of

three remaining bidders for

Continental Airlines of the US.

Lufthansa dropped out on Mon-day. Air Canada and a Texas

group have offered US\$425m

for a restructured Continental,

package worth \$300m.

Industry sources say Air

best interests.

October 31. This would raise provisions for the year to C\$2.1bn, from an earlier estimate of C\$1.2bn. Restructuring costs of C\$130m will also be charged

RBC to set

aside extra

provisions

**C\$900m** for

By Bernard Simon in Toronto

ROYAL Bank of Canada, the

country's biggest financial

institution, is almost doubling

its 1992 loan loss provisions to

reflect unexpectedly heavy

write-downs on its real estate

portfolio and other corporate

loans to customers in the

The additional provisions

and a one-time restructuring charge will slash the bank's

net earnings for fiscal 1992 to

about C\$100m (US\$83m), down

The bank said it was setting

aside an extra C\$900m in pro-visions for the fourth quarter

of fiscal 1992, which ended on

from C\$983m in 1991.

Toronto area.

against income. These charges will result in a fourth-quarter loss of about C\$480m, or C\$1.65 per share. The bank said more than half the additional write-down

applied to "a number of accounts" in the commercial real estate industry.
Earlier this year, RBC added
C\$300m to its loan-loss

reserves, largely to cover expected losses from C\$780m osure to Olympia & York. But this was offset by an iden-tical reversal in earlier provisions on third world loans. RBC said the remaining write-downs were concentrated among corporate cus-tomers around Toronto, which

has been among the hardest-hit parts of Canada during the Non-performing loans on October 31 totalled about C\$3.7bn, a C\$500m increase

from three months earlier. The bank said it had classified as non-accrual accounts those which are still servicing their debts but which may run into difficulty later on. RBC said it expected to

maintain its dividend and its capital ratios remained well above regulatory require-ments. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing

### in Florida CARGILL, the Minnesota-

based grain trading and commodity trading empire, is to acquire a fruit juice processing facility in Frostproof, Florida, from Procter & Gamble, Reuter reports. The fruit juice processing facility has a 12.5m box annual processing capac-ity and is located in central Florida, near the orange and grapefruit supply. The acquisition represents

Cargill's entry into the juice processing industry in the US. | agreement.

# Nissan faces a strategic dilemma

Steven Butler looks at the Japanese group's attempts at recovery

HEN Nissan Motor, est vehicle maker, announced Y21.99bn (\$180m) parent company net interim losses this week, Mr Atushi Muramatsu, executive vice-president, gave a telling clue about the terrible dilemma the company faces as it charts a path to recovery.

According to Mr Muramatsu, Nissan lost domestic market share partly because Nissan dealers were not discounting vehicles enough to match the competition. Instead, they were attempting to boost profits by maintaining a reasonable margin on each sale. In the future, Mr Muramatsu suggested, prices would have to be cut to prevent Nissan losing even more customers.

His remarks are an ironic turnabout for the company. Just half a year ago, Mr Yutaka Kume, then president and now chairman, said Nissan would stop placing so much emphasis on market share and would attempt to sell vehicles by stressing high quality, not low prices.

In six months, the strategy appears to have run its course. With unit sales plummeting 12.5 per cent at home and its domestic market share falling

by 1.2 points to 22.2 per cent, Nissan is in no position to dictate prices to its customers. The fact remains that Nissan manages a capital-intensive, volume-driven business, in which the economies of scale. and therefore profits, collapse rapidly when sales decline.

While Nissan's short-term difficulties are no doubt caused by the collapse in consumer spending in Japan, the sales volume versus profit margin choice reflects a deeper diffi-



radically-styled vehicles

culty facing the company: how to position itself between Toyota, with a commanding 40 per cent share of the market, and company's such as Honda. Mazda and Mitsubishi Motors, which are smaller and more nimble.

For years Nissan tried to take on Toyota, selling a full range of middle-of-the road vehicles designed to appeal to a mass, high-volume market. Nissan, however, could never

Yoshifumi Tsuji: aims to

match Toyota's economies of scale and never approached Toyota's super-efficient management style. It watched its market share erode steadily from 30 per cent to 24 per cent by the mid-1980s.

Mr Kume managed to stem the slide for several years by introducing a proliferation of radically-styled vehicles that brightened the image of the company among consumers. Unfortunately, however, where Nissan led, Honda, Mitsubishi, Mazda and to some extent Toyota, followed with great



success, virtually wiping out any gains for Nissan. Nissan now finds itself with broad slate of models on the market, about the same number as Toyota, but with only half of Toyota's volumes. And its consolidated debt has risen dangerously, to a net Y3,568bn, or 147 per cent of equity, at the

More fundamentally, Nissan's strategic dilemma is unsolved: should it be the general motor manufacturer offering a full range of models to serve all needs, or should it be more like its smaller rivals which have very successfully targeted individual models to well-defined customer groups?

For the time being, Mr Yoshifumi Tsuji, appointed Nissan president in June, appears content to straddle the line between these two choices

reducing costs. Mr Tsuji, who came out of the engineering side of the business, believes Nissan's

while focusing his attention on

cars are too complicated to build, and he has set a goal of raising labour productivity by 10 per cent a year for three

in in

Nissan is adopting other measures to cut costs, such as banning overtime, reducing new hiring, and shrinking the size of the workforce by 4,000. or 6 per cent, in three years. The question, however, is whether Nissan's competitors and its customers will give it

this much time to adjust. Nissan says it should be able to break even in the second half of the year, but this appears optimistic given the steep plunge in its sales in recent months. While vehicles sales in Japan fell by 14 per cent in October, Nissan sales plummeted by 23 per cent.

At the same time, Toyota has shown no sign of wanting to lift its margins by raising prices. Rather, its value formoney approach to serving customers is riding through the recession unscathed and this directly increases the pressure on Nissan.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capac ity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

### The latest loss, equivalent to Canadian has begun new talks ter was C\$39m, against C\$47m. with American Airlines which 19 cents a share, compares while asset sales increased with a profit of C\$4m, or 6 are aimed at reviving American's offer to buy a 25 per cent cash by C\$407m to C\$511m. The cents a share, a year earlier. equity stake in Canadian's par-ent company, PWA, for

Operating revenues were up 4.6 per cent to just over C\$1bn. Revenue passenger miles flown totalled 4.6bn, up from 4.2bn and with three new Boeing 747s brought out of storage

last spring, capacity was up 14 Mr Hollis Harris, president and chief executive, said that during the third quarter, strict cost control measures

have helped us achieve a 14 per

cent increase in available seat miles with only a 6 per cent

**Cement tumbles** 

ST Lawrence Cement, eastern

Canada's biggest cement pro-ducer, suffered losses in the

third quarter and first nine

months because of the

recession, writes Robert

The company, controlled by

does not see much hope of

recovery until the second half of 1993, and is retrenching fur-

St Lawrence Cement

recorded a loss of C\$2m (US\$1.7m), or 5 cents a share,

in the third quarter, against

net profit of C\$6.2m, or 15 cents

a share, last time. Sales slipped

to C\$151m, compared with

The nine-month net loss was

C\$21.7m, or 51 cents a share, on sales of C\$33lm, against a

loss of C\$4.8m, or 12 cents a

share, on sales of C\$367m a

C\$168m.

Wiss Holderda

St Lawrence

into red

Operating profit before financial charges for the latest quar-

main disposal was the En Route credit card operation. The nine-month loss came out at C\$307m, or C\$4.14 a share, against a deficit of C\$126m. or C\$1.70 a share, a year earlier, on revenues virtually static at C\$2.7bn. The period included a loss of C\$97m

on operations, interest charges

of C\$166m and severance costs

Air Canada announced this week it had failed to reach a and the winner is expected to merger deal with Canadian be announced early next week.

### Reynolds plans aluminium car component facility

By Kenneth Gooding, Mining Correspondent

REYNOLDS Metals, thirdlargest of the world's aluminium groups, is to spend \$26m on a plant at Auburn, Indiana, to produce aluminium extruded components for the

Technology for the components - such as bumper systems, door intrusion beams and sunroof tracks - was developed at a Reynolds' plant in the Netherlands. Several employees will be

transferred from there to the new facility in the US, which is due to start up in late 1993. Reynolds, in common with most of the other western world aluminium companies, has identified the automotive industry as a key market with long-term potential.

Mr Richard Holder, chairman, said recently the most in Michigan.

conservative forecasts predicted the aluminium content of the average US car would more than double in the next five years from 170lbs in 1991

He said Reynolds would make a much better return on its aluminium in this kind of

The Indiana plant will be highly automated, employ about 120 people, and have the capacity to use 14m lb of aluminium a year. Reynolds is following in the wake of its main rival, the Aluminium Company of America (Alcoa), which is setting up its own aluminium car component plant in Germany and has joint ventures in Japan and the US with Kobe Steel and Aluminium.

Hydro Aluminium of Norway is also expected shortly to announce an aluminium car components plant at a facility

# Citicorp stems European consumer losses

By Alan Friedman

CITICORP, the leading US bank, has begun to contain the losses in its European consumer businesses, according to a new study prepared by bank-ing analysts at Salomon Brothers in New York. Salomon estimates the

expense base of the bank's European consumer operation is now about \$300m less per year than the \$1.5bn it was in 1990 as a result of asset dispos-

Ms Diane Glossman, the Salomon banking analyst, said yesterday she believed Citicorp's European consumer activities suffered a loss of \$50m to \$100m in 1990 but made a small profit last year, thanks largely to a \$125m pretax gain on the disposal of a 48-branch Italian subsidiary.

Ms Glossman also cited moves in the UK. France, Germany and Austria that have contributed to the improve-

Among these was the bank's

German retail-oriented operations under one holding We estimate that the invest-

ment in building the European consumer effort has equalled about \$150m annually during the past few years," the Salomon report said.

The German investment alone will continue at an esti-mated rate of \$50m during the 1992-93 period, with the installation of another set of automated teller machines and development of new software.

be replaced over the next couple of years, according to Salo Ms Glossman said she expec

of the sale of businesses should

ted Citicorp to introduce a basic product-and-service package in four core countries elgium, Germany, Greece and

She also estimated that by year-end Citicorp would have a base of about 500,000 credit cards in Europe, reaching break-even in 1993 before achieving substantial returns in

### General Mills withdraws from RJR cereal deal

GENERAL Mills, Minneapolis-based packaged foods group, has called off the proposed purchase of RJR Nabisco's remaining "cold cereal" business.

It blamed the length of time which would have been involved in the anti-trust regulators' review of the

Following news late on on September 1, and would Tuesday that the transaction have involved General Mills in was being aborted, speculation quickly mounted that another large consumer products. company might acquire the

Both Philip Morris, the large tobacco, food and beer company, and Quaker Oats were touted as potential acquirers yesterday.

have involved General Mills in buying the business - which takes in the Nabisco Shredded Wheat, Spoon-Size Shredded Wheat and Shreddies brand names - for \$450m in cash. The cereals have annual sales of around \$230m in the US and

Nabisco's former cereal line in the UK has already been The deal was first announced acquired by Cereal Partners

Worldwide, a joint venture between General Mills and Nestle.

In a joint statement, General Mills and Nabisco said that "in competitive nature of the cereal industry," they had concluded that "preoccupation with a prolonged review best interest of either company."

### REPUBLIC NEW YORK CORPORATION

Consolidated Statements of Condition Assets Stockholders' Equity 1991 1991 (in thousands of US\$ except per share data Cash and due from banks. \$ 392,825 472.915 Non-interest bearing In domestic offices interest bearing deposits with banks. 8,493,749 Precious metals 369,226 395,262 nvestment securities 8,589,319 11.149.136 4,638,112 1,345,652 318,062 503,547 885,298 2,524,559 Trading account assets. 653,769 160.116 1,905,567 1,615,881 Federal funds sold and securities purchased resale agreements... 2,655,342 1,013,599 .oans, net of unearned Long-term debt ..... Subordinated long-term debt 7,952,041 8.538.818 1.881.049 1,165,684 Allowance for possible loan Stockholders' Equity (241,081 (226,966) 7,710,960 8,311,852 556,425 456,925 Customers' liability on 1,342,794 1,606,529 Premises and equipment. 379,134 372,121 Accrued interest receivable... 297,896 360.092 779,101 573,746 514,799 Total stockholders' equity ... 2,252,085 632,796 672,789 Total liabilities and stockholders' equity \$30,883,052 \$33,381,183 \$33,381,183 \$30,883,052 The portion of the invest s was \$3.4 million and \$6.9 million in 1992 and 1991, resp mmary of Results Nine months ended Three months ended (In thousands of US\$ except per share data) September 30. 1991 1991 1992 67,752 \$ 58,062 13,086 \$ 12,145 \$ 192,055 \$ 169,133 \$ 39,169 \$ 36,313 Cash dividends declared on common stock Net income: 3.21 \$ .75 \$ 1.13 \$ .25 \$ Cash dividends declared Average common shares outstanding (in thousands): 52,156 51,785 52,329 Fully diluted 55.966

Republic New York Corporation Fifth Avenue at 40th Street, New York, New York 10018 Member Federal Reserve System/Member Federal Deposit Insurance Corporation/Member New York Clearing House Association

Banking Locations

New York • Geneva • Tokyo • London • Zurich • Lugano • Luxembourg • Paris • Monte Carlo • Gibraltar

Milan • Guernsey • Beirut • Miami • Los Angeles • Beverty Hills • Nessau • Cayman Islands • Montreal • Singapore

Hong Kong • Talpel • Jakarta • Belging • Montevideo • Punta del Este • Buenos Alres • Santiago • Mexico City • Caracas • Rio de Jar

HOLDINGS SA

SAFRA REPUBLIC



**Consolidated Statements of Condition** I jabilities and

	Ocpion		. Machines and	Septen	nber 30,
Assets	1992	1991	Shareholders' Equity	1992	1991
<del></del>			except per share data)		
Cash and due from banks	\$ 48,314	\$ 80,932	Client deposits	\$ 6,357,713	\$ 5,991,428
Interest bearing deposits with banks	3.719.832	3.487.809	Bank deposits Total deposits	6,975,503	948,202 6,939,630
	3,719,032	3,407,008	Short-term borrowings	1,308,168	445,117
Precious metals	2,996	676	Acceptances outstanding	2,153	
Investment securities	5,074,403	3,767,540	Accrued interest payable Other liabilities	117,612 72,796	86,832 52,440
Tracing account securities	22,219	6,556	Long-term debt	647,600	240,589
Loans, net of unearned	. 1		Shareholders' Equity		
Income	1,249,035	1,240,637	(in thousands) Common stock, US\$ 5 per value.	1 1	
Allowance for possible loan losses	(54,267)	(12,447)	200,000 shares authorized; 17,831 issued; 17,701 shares outstanding in 1992		
Loans (net)	1.194.768	1.228,190	and 17,799 in 1991	89,155	89.15
••	'''		Surplus	819,630	819.58
Customers' liability on	1 1		Retained earnings	211,036	155,06
acceptances	2.153		Foreign currency translation (1)	60,035	(3.90)
	2.153		Less: 130 shares held in	1	
Premises and equipment	71,441	48,284	treasury in 1992 and 32 in 1991, at cost	/R 5161	44.00
Accrued interest receivable	96,451	112,275	Total shareholders' equity (1)	(6,516) 1,173,340	(1,396 _1,058,509
Other assets	64,593	90,855	Total liabilities and shareholders' equity	\$10,297,170	\$ 8,823,117
Total assets	\$10,297,170	\$8,823,117	Book value per share (1)	\$ 66.28	\$ 59.47
<ol> <li>Due to the appreciation of the US doi 1992. On this basis, total shareholders' of</li> </ol>	ler subsequent to Se equity is \$1,132,539	eptember 30, 1992, the and the book value p	e foreign currency translation gain has dec er share is \$63.98.	reased to \$19,234 a	s of October 21,
			Nine months ended		onths ended
Summary of Results			September 30,	Septe	ember 30.
(In thousands of US\$ except per	डाक्षक वृक्षको		1992 1991	1992	1991
Net income			\$ 68,763 \$ 61,865	\$ 23.18	
Net income per common share			\$ 3.88 \$ 3.48		
Average common shares outstar	ndina (in thousa	nris) .	17.711 17.799	,0	
	ince i de la manage		11,111 11,100	17,70	1 17,799

Safra Republic Holdings S.A.

32, Boulevard Royal - 2449 Luxembourg - Tel. 4793 31 310 - Fax 4793 31 226 - Telex 3320 RNBNY LU

Wholly Owned Banking Subsidiaries Republic National Bank of New York (Suisse) S.A.: Head office in Geneva and branches in Lugano, Zunch and Guernsey Representative offices in Buenos Aires, Argentina and Hong Kong Republic National Bank of New York (France): Head office in Paris and 1 branch in Paris and Monago Republic National Bank of New York (Luxembourg) S.A.: Head office in Luxembourg Republic National Bank of New York (Guernsey) Ltd.: Head office in St. Peter Port, Guernsey

Republic National Bank of New York (Gibraltar) Ltd.: Head office in Gibraltar

Republic New York Corporation owns 48.9% of Safra Republic Holdings SA, which is accounted for by the equity method. On a fully consolidated basis, total assets exceed US\$42 billion and total capital, including minority interest and subordinated debt, exceeds US\$4.7 billion.

### INTERNATIONAL COMPANIES AND CAPITAL MARKETS

# Record HK offer reflects investor interest in China

By Simon Holberton

THE extraordinary investor interest in China was emphatically underlined yesterday when China Travel Service, a Beijing-owned company in Hong Kong, said its offer to the public of a 25 per cent interest in a subsidiary was 411 times oversubscribed.

In contrast to other markets where new issues are failing to entice investors, local and international investors stumped up HK\$150bn (\$19.4bn) to participate in an issue of 400m shares of HK\$1 each in China Travel International Investment Hong Kong,

The amount of money committed to the flotation was not far short of the capital cost of the colony's multi-billion dollar airport and related infrastructure projects - currently a subsidiary on the Hong Kong

delayed due to a rupture in relations between Britain and China - and is the largest ever oversubscription in Hong Kong. Interest on the money, which CTS has for a week, would earn it about HK\$60m. In light of the tensions between the UK and China due to plans to widen democ-

racy in the colony before China's resumption of sovereignty in 1997 - the enthusiasm for the new issue also took many local analysts by surprise. CTS is one of the oldest Chinese companies in Hong Kong and has been controlled by Beijing since the Communists assumed power in 1949. It

CTS is one of the "four heavenly sisters" - along with China Resources, China Mer-chants and Bank of China and the second of them to float

opened for business in the col-

market. In July, China Merchants floated a subsidiary which was 373 times oversubscribed.

In 1991, CTS made profits of HK\$97.3m on turnover of HK\$305.8m. The company's assets are a 51 per cent interest in two theme parks in Shenzhen, the special economic zone to the north of Hong Kong, and CTS's freight forwarding and transportation

Mr Ma Chi Man, deputy chairman of CTS, said vesterday that CTII would be CTS's main listed vehicle in Hong Kong. In due course it may sell some of CTS's other assets to

CTS has four main operating divisions - tourism, freight transport, trading and investment - and has ambitious plans for expansion in Hong Kong, Macao, China and else

Nordbanken and promise financial support earlier this year because of the bank's escalating losses.

Mr Palmstierna, who became chairman in September, said

that the charge for bad debts was likely to be SKr12bn (\$2.04bn) this year, compared with operating revenues of only SKr2bn to SKr2.5bn.

structed. Bad loans of SKr60bn are being transferred to a new subsidiary, called Securum, which will be demerged early in the new year. At that time, Securum should receive an injection of another SKr10bn of government money.

Mr Palmstierna said Secu-

after the reconstruction, and that it should return to profit in 1994. When Securum is hived off, Nordbanken's ratio of tier 1 or core capital to assets should be 6 per cent, above the internationally agreed minimum level. Swedish banks have been

very badly hurt by an fall of between 40 per cent and 60 per cent in commercial property prices over the past two years.

### Nordbanken hopes for break-even next year

By Robert Peston, Banking Editor

MR JACOB Palmstierna, new chairman of Nordbanken, the loss-making Swedish bank. yesterday said he hoped the group's annual bad debt charge would peak this year and that the bank would break even next year.

However, he said that the government was unlikely to be in a position to sell its 100 per cent holding in the bank for a

least two years.
"I think the government would be happy if it could outline a plan for privatisation in August or September 1994, fore the next election," he

The Swedish government was forced to buy out the minority shareholdings in

He added that the bank had received SKr10bn in new capital from the government only two days ago.
The bank is being recon-

rum was likely to receive further financial support from the government. He hopes that Nordbanken will break even next year.

# Bad times for global equity flows

Richard Waters examines the continuing decline in trading activity

N the far-off heady days of the mid-1980s, there seemed little doubt that equity markets were on the verge of going global. The slumbering giant of the international investment world, the US. had stirred as its investors began to look abroad for better returns than those available at home. Nothing would ever be the same again. Today, that vision looks

increasingly simplistic, even if there are still plenty of pundits predicting the coming of the global equity market. The crash of the Tokyo stock market – after many foreign investors had jumped in, gues ing that share prices had touched bottom - and the volatility in currency markets this year give ample warning of the risks that lie in wait for inter-

national equity investors.

That global equity flows dipped in 1991, and have continued to decline further this year, is reported by Baring Securities, the UK investment house, in the latest of a series of annual studies of the inter-national share markets. The report, produced by global equity strategists Michael Howell and Angela Cozzini, follows the pattern of similar studies produced previously while the pair worked for Salo mon Brothers.

According to the Baring study\*, the value of foreign shares traded dropped by 9 per cent in 1991, to \$2,100bn. In

INTERNATIONAL EQUITY FLOWS (\$bn) Europe World 17.23 7.97 5.20 2.35 Cont. Europe 9.61 (3.34) 3.91 18.57 100.64 Source: Baring Securities

only significant purchases

coming from investors outside

Europe and Japan (see table). Meanwhile, international

investment emanating from

some regions was very sub-dued last year. Japanese inves-

tors, who had spent a net

\$18bn buying foreign shares in 1989, paid out only \$3.6bn in

1991. UK and continental Euro-

pean investors, while remaining substantial figures on the

world stage with net purchases

of nearly \$40bn, nevertheless slipped from their 1989 record

of \$46bn. It was left to the US

to plug the gap: it exported a net \$43bn of equity capital,

more than double its 1989

espite these difficul-ties, however, the

nature of overseas investment

seems likely to continue. In the

late 1970s, just 5 per cent of

international capital flows was

accounted for by equity invest-

ment. By last year, that propor-

overall trend in the

terms of share volume, there was a more marked 20 per cent fall. Net equity investment abroad still rose to \$100bn, though, higher than its previous peak of \$92bn in 1989. The message: overseas investment is still creeping up, even though trading activity has

slumped.
Much of the foreign investment that did go ahead in 1991 was badly timed. Of the \$100bn of net buying, nearly half was accounted for by purchases of Japanese shares, ahead of the renewed slide in prices earlier this year. Much of this money was pulled out again as asset allocaters panicked, says Mr Howell - missing out on the subsequent bounce in Japanese share prices.

Baring's research also indi-cates that foreign buying of US shares has been particularly badly timed. When foreigners sell, prices go up: when they buy, they fall, says Mr Howell. Last year, foreign buying of US shares was minimal, with the

providers of international capi-

Also, the fall-off in foreign share trading has been less pronounced than the decline in domestic trading on most of the world's exchanges. That means that, as a proportion of all share trades, foreign transactions continued to creep up last year, to 19 per cent.

reflecting the new dominance of institutional investors as

The emerging markets of Latin America and the Far East continue to attract a large proportion of net overseas investment. In addition, Baring reports, investors have begun for the first time to switch funds actively between these two regions in pucsuit of higher returns. While Latin America attracted substantial equity investment in the first quarter of this year. for instance, much of the money has since been moved across to the Far East, says Mr Howell.

In all, the emerging markets attracted a net \$14bn last year, almost identical to the investtwo years. In that period, just over a fifth of net overseas share buying has been directed at the emerging markets. If primary share issues were included, that proportion would rise to more than a quarter.
\*International Equity Flows

# DnB shares hit by deeper losses

By Karen Fossi! in Oslo

DEN NORSKE BANK, Norway's biggest bank, yester-day disclosed nine-month net ses of NKr2.46bn (\$385m) up from NKr2.33bn a year earlier - and announced plans to seek further state cash following last year's NKr5.9bn government rescue.

Mr Finn Hvistendahl, group managing director, would not reveal the amount of support the bank needed, but did not rule out the possibility of DnB not meeting its capital adequacy requirements by the end of the year.

At the end of September, the bank's capital adequacy was 8.3 per cent of risk-weight assets of NKr162.3bn. Norway's banks are required to meet a minimum of 8 per cent by the end of 1992.

ner losses

Mr Trond Reinertsen, head of the Norwegian Banks Association, has suggested that banks should aim to obtain a capital adequacy of 10 per cent. If DnB aims for 10 per cent, it may need an estimated NKr2bn to NKr3bn in fresh capital,

Share price (D Krone)

Jan 1992 rce: Detastra Yesterday, DnB A shares again fell heavily, sliding by 23 per cent to a new all-time low of NKr0.50. Analysts fear DnB may be

forced to write down the value of its shares to zero. Mr Hvis-tendahl said this decision would have to be made at the annual meeting next year. DnB said it was forced into heavier losses because of turbulence in the money and securities mar-

It was also hit by losses incurred by Investa, a nonlisted domestic investment company, which was declared

technically insolvent in September, and by losses at Realkreditt, a subsidiary it acquired last year.

and

DnB made a NKr200m provision for losses incurred from Investa's holding company. It also made a provision of NKr470m for losses incurred by Realkreditt. For the ninemonths. DnB's total credit ses were NKr497m lower at NKr3.29bn although it is still incurring heavy property losses in the UK. Non-performing

stabilised at around NKr10.3bn. Net interest income in the nine-month period fell by NKr100m to NKr3.39bn as other operating income declined by NKr547m to DnB said interest expenses

in August and September rose steeply when domestic interest rates were driven higher by the surge in Sweden's marginal lending rate to 500 per DnB was also forced to write down the value of its share portfolio by NKr365m

were incurred in the bond

"substantial losses'

### Ten Indian groups aim to raise \$1bn this year pany. is raising \$100m through

By Shiraz Sidhva

AT LEAST 10 large Indian companies, including some of the country's leading private enterprises, aim to raise some \$1bn in new equity capital on the Euromarkets before the end of this year.

• Grasim Industries, the cement, textiles and fibre manufacturer which delayed a domestic offering earlier this year when trading on the Bomhav stock market was halted will now enter the Euromarkets this month with a \$100m issue through Citibank and Merrill Lynch. Hindalco, an aluminium

markets in November, with Jardine Fleming managing a ● Tata Iron and Steel will

raise \$100m through Credit Sui-INTERNATIONAL

**EQUITY ISSUES** 

sse First Boston and Citibank. • ITC, the tobacco and hotels company, will make a \$80m issue through Merrill Lynch and Citibank

 Gujarat State Fertiliser Corporation plans a \$80m offer through Merrill Lynch and

• Essar Gujarat, the iron com-

Merrill Lynch and Citibank. Bombay Dyeing, the textiles manufacturer, is seeking \$100m through S G Warburg Securities and Citibank. • Industrial Credit and Invest-

ment Corporation of India, a finance company, will make a \$100m through Morgan Stanley and Citibank. Southern Petrochemicals

and Industries Corporation (SPIC), the fertiliser and chemicals manufacturer, will raise \$100m through Solomon Brothers and Citibank Gujarat Ambuja Cements, the cement company, will issue \$100m via Solomon Brothers

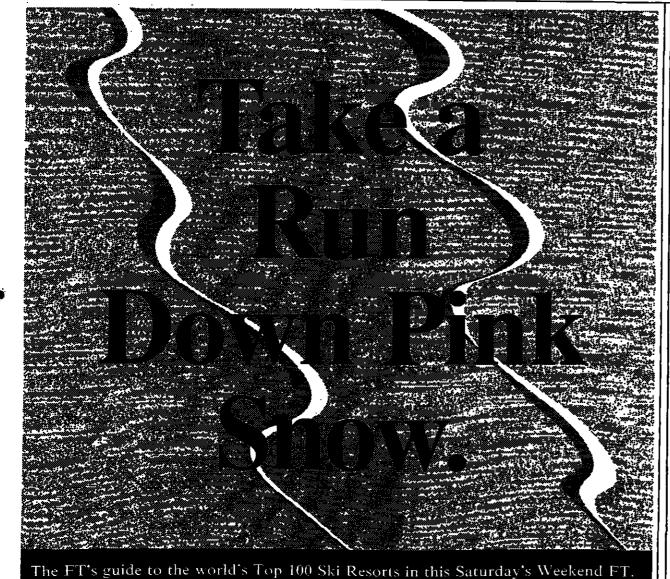
India's leading foreign banks have cautioned the Securities and Exchange Board (SEBI) to monitor the performance of shares of companies planning

This follows fears that companies may attempt to artificially inflate prices on the domestic stock markets before pricing their Euro issues. Global Depository Receipts

(GDRs) for Euro issues are priced taking into account share prices on the country's stock exchanges during a specified period.

The government has discon-tinued the two-year lock-in period, replacing it with a 180-day "cooling off" period.

October 1002



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All of these Securities having been sold, this announcement appears as a matter of record only

3,000,000 Shares

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Class B Common Stock

500,000 Shares

PaineWebber International

Dillon, Read & Co. Inc.

Dean Witter Capital Markets-International Ltd.

2,500,000 Shares

PaineWebber Incorporated

Dillon, Read & Co. Inc.

Dean Witter Reynolds Inc.

Sanford C. Bernstein & Co., Inc.

Merrill Lynch & Co.

Cowen & Company

Alex. Brown & Sons Robertson, Stephens & Company

Donaldson, Lufkin & Jenrette Smith Barney, Harris Upham & Co. Raymond James & Associates, Inc.

Piper Jaffray Inc. Furman Selz





EXCERPT

my judge and Mrs Yvette Hamilius and Mr Gaston S he excel of claims of the credit

gen and the disputes relating to this verificate
3:00 pm in the District Court of and in Luxer
This announcement has been an

The receivers



### INTERNATIONAL CAPITAL MARKETS

# Competition between Liffe and DTB intensifies

By Sara Webb in London and David Waller in Frankfurt

COMPETITION between London and Frankfurt for D-Mark derivatives business is

Yesterday, the London International Financial Futures and Options Exchange (Liffe) announced plans to launch a medium-term German government bond contract early next year. The contract will compete with a similar one on the Deutsche Terminborse (DTB), and is a sign that competition between the rival exchanges is increasing.

Liffe decided to launch a futures contract to meet demand from its members for a medium-dated futures contract. Both Bundesobligationen ("Bobls," or five-year notes) and Bundesschatzanweisunger ("Schatz," or four-year notes) will be deliverable into the Liffe contract. So far this year, a total of DM58bn of Bobls and Schatz have been issued.

Liffe's announcement was warmly welcomed by bund market participants, who believe the new contract will help to improve liquidity. The London exchange already has a three-month Eurodeutschmark interest rate future (which has an average daily volume of 71,569 contracts), and a German government bond (bund) future, with an average daily volume of 60,922

"To some extent we had a gap in the maturity range but the new contract allows us to encompass the whole range of maturities," said Mr Roger Barton, managing director of business development at Liffe. Mr Nicholas Durlacher, Liffe's chairman, said the new contract would provide greater hedging and spread trading

German yields



Mr Barton argues that the total volume of futures business is increasing, and that while Liffe is competing with the DTB, "the overall size of the nie is increasing too". According to Liffe, the

monthly volume of bund contracts declined from 1.87m in January to 1.36m in June before rebounding to 2.1m in September. Liffe has 67 to 70 per cent against the DTB's 30 to 33 per cent share of the bund futures contract business,

The DTB yesterday welcomed Liffe's decision to introduce a Bobl contract. saying it would broaden the market for such products. The DTB introduced its Bobl contract in October 1991 and after meeting with what the DTB cails "some initial scepticism", it has found increasing favour with

In the past two months, average daily volume has exceeded 10,000 contracts. The DTB claimed its clearing facilities were much quicker than London's and would ensure it maintained a

competitive edge. While market participants welcomed Liffe's decision to

	Nav 4	Nav 3	Nav 2	Oct 30	Oct 29	Year ago	High "	Low
rt Sees	93,86	94.00	93.76	94.44	94.36	87.04	94.36	85.11
lastroist be	107.86	107.73	107.91	108.59	108.33	96,45	108.33	97.15

# US long bonds fall as domestic issues fade By Patrick Harverson in New York and Sara Webb

launch a Bobl contract, some point out that Liffe could lose

market share with its 10-year

bund future unless it amends

Last Friday, the German Finance Ministry said there would be no further 10-year

bund issues this year. The

market interpreted this as a

decision to halt Federal issues

while leaving the way clear for

further German agency issues,

Treuhandanstalt, the agency

charged with the privatisation

of former eastern state-owned

10-year DM10bn bond issue in

September which trades at a

slightly higher yield than

comparable Federal issues (see

graph). This is because the Treuhand issue is less liquid

and is seen as less secure than

the Federal issues, even

though it carries a Federal

guarantee and has a triple-A

rating from the leading credit

deliverable into the DTB bund

contract. Liffe decided to leave

its bund contract specifications

unchanged for the moment.

Liffe says it is still considering whether to include Treuhand

bond issues for delivery in its

June 1993 and subsequent

**Bund** market participants have suggested that if

Liffe points out that about

DM60bn of bunds are

deliverable into its March 1993

bund contract, consisting of five separate Federal and Unity

and Liffe contract specifications has led to a

The difference in the DTB

Germany temporarily stops

bund contracts.

delivery declines.

bund issues.

While the Treuhand bond is

The Treuhand launched a

enterprises.

particular from

the contract's specifications.

AFTER an upbeat opening in the wake of Mr Bill Clinton's victory in Tuesday's presidential election, US Treasury prices edged lower at the long end yesterday as many inves-

### GOVERNMENT BONDS

tors and dealers switched their attention away from domestic

In late trading the benchmark 30-year government bond was down i at 941, yielding 7.675 per cent. The two-year note, however, was slightly firmer, up is at 99% to carry a yield of 4.416 per cent.

Treasury prices were mixed overnight on foreign markets as it became clear that the Democrats had won the White House easily, but there was some early buying of longerdated bonds when New York opened - the result primarily of short-covering. That buying soon fizzled out, however, and shifted to the intermediate and short end of the market, where the two-year gained ground. Although the political situa-

sentiment - the new question

■ FRENCH government bonds ended slightly firmer after Mr Pierre Bérégovoy, the prime tion was still a factor affecting minister, said Monday's quar-

Commons debate.

on the economy showing a sluggish rate of recovery -

■UK government bonds lost

up to a quarter of a point at the long end ahead of last

night's parliamentary debate on the Maastricht treaty on

European economic and mone-

tary union.

Dealers said the gilt market

appeared to be assuming a

very narrow majority for the

government in the critical

Long-dated issues shed about

a quarter of a point, with the 9

per cent gilt due 2008 falling # to 102% to yield 8.74 per cent.

Shorter-dated gilts held up well

and ended little changed on the

ter-point cut in key interest

was mostly ignored.

troubling investors was who rates was not the last.

President-elect Clinton would Mr Bérégovoy said the strength of the French franc appoint to senior Treasury and economic posts - players provided scope for interest rate began to switch their attention cuts, and his comments raised back to the economy, and hopes of lower rates across tomorrow's employment report for October. The day's only Europe. The 10-year OAT yielded 8.12 per cent, against economic news — a 1.1 per cent rise in September factory orders, and the Federal Reserve's "Beige Book" report 8.17 per cent the previous day, and the Matif futures contract

narrow range.

closed at 110.72, up 0.12 from late Tuesday. Elsewhere in Europe, longdated German government bonds ended slightly weaker with the market trading in a

On the Deutsche Terminbörse, long bunds dropped to 91.37, from 91.46 at Tuesday's close, after trading in a range of 91.23 to 91.46. Medium-term December bund futures slipped to 95.83, from 93.84 at Tues-

JAPANESE government bonds rallied at the opening on the yen's strength against the US dollar overnight, but early gains were wiped out by profit-taking and the market closed slightly lower on the

The futures contract and benchmark cash bond firmed in the morning following the yen's rise in New York overnight, but the rally lost ground as the dollar rebounded in BENCHMARK GOVERNMENT BONDS Price Change Yield 5.59 9.00 19.000 10/02 107.1968 8,750 06/02 104,1400 +0.000 6,11 6.13 8.500 04/02 105.8500 + 0.750 7 62 9.000 11/00 101.4500 + 0.500 8.74 8.500 03/97 101.2485 -8.500 11/02 102.3450 + 0.100 8,000 07/02 104.3250 +0.030 12,000 05/02 93.5050 +0.355 4.800 08/99 101.0671 +0.102 5.500 03/02 105.2747 -0.035 8,250 06/02 104.5300 +0.010 7.56 7.55 10,300 06/02 95.8000 -0.400 12.72 12.32 13.68

109-15 109-23 102-04

8.84 8 77 ECU (French Govt) 8,500 03/02 97.8500 0.200 Yields Local market standard s.) es. US, UK in 32nds, others in decimal Technical Data: ATLAS Price Source:

8.375 08/02 96-17 -4/32 7.250 08/22 95-10 +4/32

10,000 11/96 9,750 08/02 9,000 10/08

The yield on the benchmark No 145 issue opened at 4.68 per cent and moved to 4.67 per cent, then ended the day at 4.695 per cent after dealer profit-taking. The December futures contract ended at 107.59 against its Monday close

 A senior fund manager from Fidelity Investments, the large investment management group based in Boston, yesterday

warned that the slowdown in

Germany was likely to be far

worse than anyone in Germany - or the financial markets had yet realised, writes David Waller in Frankfurt. Mr Martin Wooller, Fidelity's IIK fixed income director who manages five bond funds, said

6 87 7.65

7.03

6.75 7 81

6.21 7 33

8.16 8.68

"Germany is about to come under a tidal wave of reces-Under this scenario, Mr Wooller argued that the prognosis for bunds was extremely

favourable: he predicted that

10-year bunds would yield 6.25

per cent by the end of 1993.

# EBRD joins EdF in post-poll rush of issues

issuing 10-year Pederal issues, THE European Bank for leaving the Treuhand free to tap this area, then Liffe's bund Reconstruction & Development and Electricité de France were contract will become less two of the biggest names lead-ing a rush of deals in various attractive as the number of bund issues available for

### INTERNATIONAL BONDS

currencies yesterday. Issuers had held back from tapping the international bond market in the lull ahead of the US election.

A prestigious borrower in widening of the price gap any market, EBRD made its debut in the Euroyen sector between the two contracts. Before the Treuhand bond issue, the contracts traded at with a Y35hn five-year issue. similar levels. However, since The yield spread tightened the Treuhand issue has become the cheapest to deliver into the slightly to 32 basis points over comparable Japanese government bonds, from a launch DTB contract, it means the DTB bund future is priced spread of 34 basis points. lower than the Liffe con-The issue could be as important in strategic terms for Sak-

ura Finance International. which lead-managed the deal along with Nomura International, as for the borrower. While the bond itself was widely agreed to be successful and well executed. Sakura came in for some sniping in the market for indulging in that traditional Japanese activity, taking a long-term strategic view which overrides other considerations. Put simply, it is thought to be loss-leading to

develop its role as a player in the Euroyen market. The first post-election US dollar deals included another capped and collared floating rate note, for EdF. The \$100m 10-year issue will pay Libor minus 25 basis points, subject to a minimum rate of 5% per cent and a maximum of 814 per cent. This was seen as aggressively priced but EdF is still a name in demand, even though it no longer carries an explicit

state guarantee. UBS Phillips & Drew said it launched the deal in response to continuing demand for top quality collared floaters. Elsewhere, EdF is taking advantage of continuing strong international demand for the French franc with a FFr2bn five-year 8¼ per cent bond through J. P. Morgan.

The Canadian dollar sector saw aggressive issues from two classic names in the three-year sector where demand is said to be particularly strong for current coupon paper and attractive swap opportunities. Always a good retail name, IBM is raising C\$150m over three years at 6% per cent

through its European funding subsidiary. UBS Phillips & Drew is lead manager. Some bankers described pric-

ing of DSL Bank's C\$125m three-year 6% per cent bond as looking very tight at launch, German entities are seldom

NE	W INTE	RNATIC	NAL	BOND	ISSU	E\$
BOTTOWER US DOLLARS	Amount in.	Coupon %	Price	Meturity	Fees	Book ramer
Consortio G Grupo Dina(a)	150	10.5	99.357	1997	2/14%	Salomon Bros.int.
Electricité de France(b)‡	100	(b)	<b>99.9</b> 5	2002	50/20bp	UBS P&O Secs.
Hankyu Dept.Stores Europe(c)#	<b>. 50</b>	(c)	100	1997	15/5bp	Merrill Lynch Int.
YEN EBRB	35bn	4.5	99.6	1997	25/15bp	Sakura Fin /Nomura
FRENCH FRANCS Electricité de France	2bn	8.25	99.85	1997	25bp	JP Morgan Secs.
CANADIAN DOLLARS						
BM Int.Finance	150	6.625	100.7125			UBS P&D Secs.
OSL Bank	125	6.5	100.9675	1995	13/13%	Goldman Sachs Int.
SWISS FRANCS						
Air France	150	6.75	100.75	2002	<u>-</u>	UBS

### **MARKET STATISTICS**

FT/ISMA INTERNATIONAL BOND SERVICE													
Listed are the latest international i	bonds for	which ti	hare is i	on ada Chg.				losing pric	es on Nov Ch				
U.S. OGLLAR STRAIGHTS ABN 91/894	Issued 200	106%	1071		Yield 5.03	STHER STRAIGHTS ARSED 7 1/2 '95 LFr ECSC 7 3/4 94 LFr WORLD BANK 8 96 LFr ENERGE BEHEER 8 3/4 '98 FI INTLEMED AND SI	Especial 600	964	Offer da 974	y Yield 9.10			
ARM 9 1/8 94 AL BETTA PROVINCE 9 3/8 95 ALISTERA 8 1/2 00 BANK OF TOLYON 8 3/8 96 BELGIUM 9 9/8 98 BFDE 7 3/4 97 BRTISH GAS 8 3/8 97 CARLADA 97 COLOR 1/4 97 COLOR 1/4 97 COLOR 1/4 97 COLOR 1/4 97 DERMARK 8 1/4 94 DERMARK 8 1/4 94 DERMARK 9 1/4 95 EEF 8 1/4 96 EEF 8 1/4 96 EEF 8 1/4 96 EIRO CRED CRED 17 9/8 EIRO CRED CRED 17 9/8 EIRO CRED CRED 17 9/8 EIRO CRED CRED 17 9/4 EIRO CRED CRED 17 9/4 EIRO CRED CRED 17 8/8 95 FINLAND 7 7/8 97 FINLED EPOORT 9 9/8 FINLAND 7 7/8 97 FINLED EPOORT 9 9/8 FINLAND 7 7/8 97 FINLED EPOORT 9 9/8 FINLAND 7 7/8 97 FORD CAPITAL 9 3/8 95 FORD CAPITAL 9 3/8 95 FORD CAPITAL 9 3/8 97 GENELEC CAPITAL 9 3/8 97 GMAC 9 1/8 96	600 400	107%	1104 1081 107		5.68 7.11	ECSC 7 3/4 94 LFr	100	994	1004	8.21 8.06			
BANK OF TOKYO 8 3/8 % Belgium 9 5/8 98	100 250	1064	1131	+4	6.70 6.70	ERERGIE BEHEER 8 3/4 98 FI	50 50	1054	1004 106 109	7.55 7.49			
BFCE 7 3/4 97	150 300	709.C	105 v 106 v		4.93	ALBERTA PROVINCE 10 5/8 % CS	500	1091	1094 +	7.24			
BRITISH GAS 8 3/8 99	350 1000	1055 1095		-10	7.29 5.75	ALBERTA, PROVINCE 10 5/8 % CS	500	1105	1114 - 1 1074 - 1	741			
COCE 9 1/4 95 CIA NAVIERA PEREZ 9 96	250 150 300 350 1000 300 100	1095 1085 106 113	109 991		5.75 5.19 9.55	EIB 10 1/8 96 CS	150 500 130 275	1091 1071 1034	110 -	8.19			
COUNCIL EUROPE 8 %	100 300	113	1061		6.15	FORD CREDIT CABAGA 10 94 CS	100 300 400 200 500	1037	1084 1045 1077 1084 1125 1125 1094 1094 1094 1094	754 737 856 839			
DERMARK 8 1/4 94	150 1571	1004	1061 109	+10	6.88 4.79 5.27	MPPORTEL & TEL 10 1/4 99 CS	400 200	108	110 -	15			
ECSC 8 1/4 %	193 100	107 1074	1071. 1075		<u>د کچ</u>	ONTARIO HYDRO 10 7/8 99 CS	50 150	) 112 ) 1105	1123 - 1 1104 - 1	8.25 8.22			
EIB 7 3/4 96	100 250 1000	1455	101 s 101 s 112 s	-4	5.99 5.99 6.41	QUEBEC PROV 10 1/2 98 CS	200 1250	1094	109% -1 101%	9 40			
ELEC DE FRANCE 998	200 325	1105	1105	4lg	6.41 6.60 6.26	CREDIT LYDNINAIS 9 % Ecu	12 25	981	991 -1 95 -1				
EUROFIMA 9 1/4 %	100	1105 1043 1095 1125	ijij	***	5.98	EEC 7 5/8 94 Em	200 1125	941 971 1043	97% 104%	9.90 8.71			
FINLAND 7 7/8 97	100 150 200 200	1043	1667	+1,	6.77 6.64 5.94	FERRO DEL STAT 10 1/8 98 Ecc.	500	1021	1831 +1	9.41			
FORD CAPITAL 9 3/4 97	200 250 300	1043 1094 1083	109		7.38	UNITED KINGDOM 9 1/8 01 Em	2750 100	1043 1021 1051 101 1034	977 1044 1034 1044 1044 1044 1095 1106 1115 1115 1115	183 1920			
GEN ELEC CAPITAL 9 3/8 %GMAC 9 1/8 %	300 200	1074	1104	٦,	6.24 7.24 5.12	BP AMERICA 12 1/4 % AS	100	1095	1095 H	8.93 9.43 8.35			
GUINNESS FINANCE 8 94	200 200 200	1054 1044 1044	105 k 104 k	7.7	172	EXSPORTFINANS 12 3/8 95 AS	7	1083	.093 +1	435			
IND BK JAPAN FIN 7 7/8 97INTER AMER DEV 7 5/8 96	200 200 1500	1043	105 105		6,69 6.05	MCDONALDS CANADA 15 95 AS	75 100	1087 1091 1141	# 211.	7.48 6.59			
ITALY 8 1/2 94	1500 150	106 k 104 k 111 k	1055 1065 1051 1051	+1 <sub>0</sub>	5.10	MAT AUSTRALIA BANK 143494 AS Unilever australia 1298 AS	150	108	1014 + 1 1094 + 1 1095 + 1 1095 + 1 11094 + 1 1110 + 1 1125 + 1 1100 + 1 1100 + 1	沒			
KANSAI ELEC PWR 10 %	150 350 200	1111	Щ₹	7	4.71 6.17	VOLKSWAGEN INTL 15 94 AS	100 100	1995 1114 1114 1995 1995 11125	110 +i	7.79 7.48			
NEW ZEALAND 994	200 850	1044 1064	1071		501	ALLIANCE & LECS 113/8 97 E	100 300	1114	11214	7,48 8,13 7,40 13,01			
NIPPON TEL & TEL 93/895	150 200	1094 1085 1084	1091		6.28 5.37	BRITISH LAND 12 1/2 16 E Deittsche RK fri 11 94 E	150 225	991	100 -1	13.01 7.15			
ORTAGO HYDRO 11 5/8 94	200 200 700	108 f	1091 1051 1081	#14 #14	7 <u>61</u>	EIB 10 97 £	636.5	1083	1045 1081	7.15 7.60 10.04 10.22			
OSTER KONTROLLBANK 8 1/2 01 PETRO-CANADA 7 1/4 96	200 200 150	1074	1071, 1041 <sub>2</sub>		7 40	ITALY 10 1/2 1/4 E	400	1021	1084, -1 1104, -1 1024, -1 1034, -1 1034, -1	10.22			
QUEBEC HYDRO 9 3/4 90 Quebec proy 9 98	150 200	108	1041 <sub>2</sub> 1121 <sub>2</sub> 1084	-4	606 723 715	HORWAY 10 1/2 94 E	200	igž) :	934 -1 1131 -1 1131 -1	10.41 7.25			
SAINSBURY 9 1/8 96	200 150 200	108 ¥	1091 <sub>2</sub> 1094	**	6.51 8.28	SEVERN TREAT 11 1/299 E	100	幽	1133.	8.75			
SBAS 91/295	200 500 150	111	1091, 1091, 1091,	ę.	5.77 6.67	TOKYO ELEC POWER 11 01 (	100 150	1137	13% +4 13%	8.90 8.69			
STATE BX NSW 8 1/2 %	200 700	1064 1064	107 107 1081	+18	6.11	WORLD BANK 11 1/4 95 £ TOKZ FIN 9 1/4 02 NZS	100 75	1084	194	8.64 7.30 8.33 7.19 8.27			
TOKYO ELEC POWER 8 3/4 96	300	108 V	100	-4	6.25 6.15	WORLD BANK 14 94 NZS	75 2000	1071	064 +4 081 +4	7.19 8.27			
WORLD BANK 8 3/8 99	200 1500	1084	109	#	6.88	ELF-AQUITABLE 9 99 FF7	600 4000		06; +; 06; +; 06; +;	8.46 8.15			
FORD CAPITAL 9 344 97 GEN ELEC CAPITAL 9 348 96 GMACT 1,18 96 GMACT 1,18 96 GMACT 1,18 94 ISM INTL. FIN 7 344 96 INTLE AMER DEV 7 548 96 INTLE AMER DEV 7 548 96 INTLE AMER DEV 7 548 96 INTLE AMER DEV 10 96 ILLES FIN 8 97 INTEN FIN 8 97 INTEN FIN 8 10 318 95 INTEN FIN FIN 8 10 318 95 INTEN FIN FIN FIN FIN 8 10 318 95 INTEN FIN FIN FIN FIN 8 95 INTEN FIN FIN FIN FIN FIN FIN FIN FIN FIN FI	1500 100	110½ 1054	1064	+4	6.64 6.64	-	7000			,			
DEUTSCHE MARK STRAIGHTS ABN ANROS 1/2 %	500	1044		44	7.10	FLOATING BATE NOTES ALLIANCE & LEICS O.BS 44 £ BANCI ROMA 99 BELGIUM LIJA 97 OM BFCE-0.02 % BNP 105 BNP 105 BNP 105	Immed 200	814	Offer	Com			
ARM AMADS LIZ % AUSTRIAS 7.18 97 BEL GILIN 7 3.44 62 BEP 8 1.49 01 DEUTSCHE FINANCE 7 1.12 95 DEROFINA 8 3/4 90 FIRLAND 8 1.4 102 GENERAL DE ECTRICE 3.34 95 INTER AMER DEV 9 90 INTER AM	500 500 500	1017 1017	95 h 102 105 h	ي. طف	7.24 7.45	BARCO ROMA 99	300 200	99.71 98.98	99.81 99.36 100.24 100.03 100.26	8.0800 3.2813 9.9375			
BHP 8 1/401	200 200 1000	105 1003	1055	-1	7.47 7.04	BFCE-0.02 %	500 350	100.11 23.87	100.03	ンソバラ			
6871/299	400 400 400	101		1777	7.26 7.26	BFCE - 0.02 % BRF US BR	300 150 200	99.70 99.27	100,26 99,45	8.1000			
FURLAND 8 1,4 02	400 2000	102		+1	7,26 7,16 7,92	COZE 06 ECU	200 100	99 <u>12</u>	99,45 99,67 99,96 100,62	11.1719			
GENERAL ELECTRIC 8 3/4 95	300 300	1001	1074		7.52 7.52	CREDIT FONCER-1/16 98	7000 500 100	100 44 99 34	100,62 99,49	5.0000 5.0000 3.4063			
JAPAN DEV 8K 5 3/8 95	300 300 300	944	A1.		75	DRESOMER FINANCE 1/32 98 DM	1000 400 200 200	99.88 102.03	99.98 100.69	8.9063 5.2500			
NAT BK HUNGARY 10 3/4 98 NORTH EAST FIN JAP 8,40 99	500 200	102	1037		10.14	FERRO DEL STAT 94	300	99.79 99.99	100.41 100.02	3.6250 10.1506			
TURKEY 10 3/4 96	500 400	1024	103.1 103.1 103.1		10.00 7.74 6.56	RELAND 90	300 300 200	99.62 100.15	99.77 100.59	4.1000 4.0625 9.5313			
WORLD BANK 0 15	2000	23 25 1085	231 96 109	.لم	6.56	ITALY 00 LEEDS PERMANENT 1/8 % E LIOYNS BANK 1/10 PERP S.3 MITSUI FIN ASIA 1/8 % RAT WEST FIN 1/16 05 REW FEALAND 1/8 %	200 200	99.60 76.19	99.72	93313			
WORLD BANK 8 3/4 00	300 1250	1086	109	**	7.29 7.22	LLUYTIS BANK 1/10 PERP \$.3 Mitsui fin asia 1/8 %	600 100 400 250	100,08	77.81 100.32 92.76 100.18	3.7250 5.2500			
SWISS FRANC STRAIGHTS			_					91 <u>.52</u> 100.00	72.76 100.18	3.8675 4.1880			
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HYUMDAI MOTOR FIN 8 1/2 97 USI AND 7 SARDO	100	105	1031	+b	7.23								
ICELARIO 7 S/8 DO JAPAN DEY 8K 5 1/2 94	100 100 240	103 k	991	<b>.</b>	6.97 6.32	CONVERTIBLE BONDS	Issued	Coor.	Sid Offer	Press.			
KOBE 6 3/8 01 NEW ZEALAND 4 7/8 99 QUEBEC HYDRO 5 08	200 200	921	63 105 P	**	6.07 6.36	RIPTON COMID 4 3/4 M F	110	236 1		All 4E			
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WORLD BANK 5 03	150 600	1043 93 105	92 1054	-12	5.89 5.89 6.21	HARSON 9 1/2 06 C	500	25075 10	24 935 84 1084	+33.04 +20.72			
						COLD KAL GOORET 7 1/2 00  HARSON 9 1/2 05 E  HAWLEY 6 02 PREF  HILLSDOWN 4 1/2 02 E  LAND SEES 6 3/4 02 E  LAND SEES 6 3/4 02 E  LAND T 3/4 05 E  MITSHI RANK 2 5/6 03  HOURT ISA FIN 6 1/2 97  GOOR A GO.	400 150	2.5875 10 19.1 11 3.97 6.72 6 73.26 7 2.383	124 124				
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KANSAI ELEC PWR 4 5/8 94	30000 60000	1124 1004 1044	101		4.00	SUMITONO BANK 3 1/8 04	300	3606.9	65 675	+34,75			
YEN STRAIGHTS AUSTRIA 3 49 4 CREDIT FONCIER 5 14 94 DENMARK 7 95 ELEC DE FRANCE 5 36 96 ELEC DE FRANCE 5 36 96 INTER AMER DEV 7 14 00 CARSAL ELEC PWR 4 36 94 HUPPON TEL 8 TEL 5 7/8 96 WEILD BANK 5 14 90 SWEILD SARK 6 34 00	50000 50000 30000	1024	101 1041 1071 1071	+4	4.56 4.27	SUMITONIO BANK 3 1/8 04 Texas instruments 2 3/4 02 Thorn em 5 3/4 04 £	500 103	9.07 8 1308 10 1.775 12 3606.9 6 224 9	65 675 45 955 77 1285	+34.75 +60.45 +10.57			
SMCF 6 3/4 00	30000 20000	1091	1097 1092		猫	* No information evaluable - previo							
WORLD BANK 63/400	50000	110	ΙΙΟ	+4		\$ Only one market maker supplied	a price						

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RISES AND FALLS YESTERDAY												
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TRADITIONAL OPTIONS												
• Li	First Dealings Oct. 26     Last Dealings Nov. 6     Last Declarations Jan. 28     For settlement Feb. 8     Formonth call rate indications are      Calls in Forte, Gestation, Harsson warrants, Invesco Mill, Kenwood Appliances, ML Laba, Park Food, Silvepy Kids and Taumton Cider.  Put in Medeva. Doubles in Aero-											

own in Saturday editions. space Eng. and Hanson warrant T-SE ACTUARIES INDICES

e FT-SE 100, PT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-S tuaries industry Baskets are calculated by The International Stock Enchang the United Kingdom and Republic of Ireland Limited. • The Internations

The FT-SE 199, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-S Actuaries Industry Business and the FT-Actuaries All-Share index are members the FT-SE Actuaries Share indices series which are calculated in secondary with a standard set of ground rules established by The Financial Times London Stock Euchange in conjunction with the Institute of Actuaries and Excellent of Actuaries and Excel

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(*572 )	600	16			5 K	.aa G	EC 254 )	240 260	18 5	23 11	30 19	2년 10	7½ 17	11 19	(°202 Stars		220 90	6	51 <sub>2</sub>	9 14		22 71,	23 11
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# Low & Bonar embarks on cost reduction plan

Scottish Correspondent

LOW & BONAR, the Dundee-based packaging and plastics company, is closing its UK non-wovens business and implementing a cost cutting programme at its Canadian

The company, which has annual sales of about £300m, is to close Bonar Carelle, which employs 32 people, by the end

of the year. The closure will involve an exceptional charge of £4.8m to cover the writing off of invest-ment, but will eliminate £700,000 of UK losses.

Low & Bonar will concentrate its non-woven operations on its Bonar Fabrics plant in South Carolina which is "on the positive side of break-even," according to Mr

Jim Leng, chief executive. Both plants use the group's powder bonding process to make fabrics but although the South Carolina plant now has a good market supplying linings for computer diskettes, hopes that the Scottish plant would develop new products and markets for this technol-

ogy have not been fulfilled and t has secured only a small part of the European market.

"This is the penalty for developing new products in new markets with new technology," said Mr Leng. The Dundee plant had incurred losses for six years.

The decision further reduces Low & Bonar's manufacturing presence in Scotland, where only 5 per cent of the compa-ny's 4,400 employees are engaged. It still has packaging and polypropylene operations

In Canada, where the bulk of the group's North American operations are located, the workforce is to be cut by 7 per cent producing a saving of C\$3m (£1.5m).

The next phase will entail rationalising manufacturing plants and making additional manpower reduction Costs are expected to be sub-

stantial and will be charged as an exceptional item this year. Bonar Inc, the group's Cana-dian subsidiary, achieved net income of C\$3m (C\$4.95m) in the nine months to August 29 on sales of C\$146.2m

# Wrapping up to brave tepid flotation waters

Maggie Urry reports on a mechanism designed to guard against disappointing retail demand

HE FLOTATION market offer for sale, daunted, no has tentatively reopened after the summer nause. Yet the mood is still fragile after the series of issues in the early summer which were labelled flops when retail iemand dried up.

One new issue expert goes as far as saying that the market is "hibernating". And some corporate financiers are advising companies not to float at all. There have been a few successful issues – such as Trin-

ity Holdings and Dorling Kindersley Holdings - with more in the planning stage. But already there has been an issue pulled. Woolcombers, the textile company, cancelled its flota-tion plans in September after

between publication of the pathfinder prospectus and the planned pricing day. Institutional investors were simply not prepared to put the money required into a relatively small company at a time of such volatile markets. The delayed flotation of 3i, Britain's largest venture capi-

tal group, is not expected to

take place until the second

half of next year because of the absence of economic

Black Wednesday happened

So far no companies have followed the route of a public doubt, by the reception met by issues such as The Telegraph, MFI Furniture Group, Taunton Cider and Anglian Group, where public offers were

Some corporate finance experts are sceptical that a public offer could work at present. "Only," says one, "if it was a very popular retail stock, something with a strong

However, in a month or so National Express, the coach operator, is expected to brave the market with a public sale making up 25 per cent of its issue. The other 75 per cent will be placed with institutions on a firm basis.

Mr Jeremy Lucas, corporate finance director at Morgan Grenfell, National Express's sponsoring bank, says the public offer plan reflects expected interest in the issue from retail investors who often see the double arrowhead logo whizzing along motorways on the group's white coaches. Advertising for the sale has already

begun on the buses.

The public issue is not being underwritten. Rather Morgan Grenfell is planning to place these shares with institutions, who will release them according to demand from retail investors. The distinc-



**Dorling Kindersley** 

result the same.
This placing and clawback method is common for smaller issues, where a firm placing is joined by a conditional placing of shares available to the public through financial intermedi-

Under a financial intermediaries offer members of the public can apply for shares via stockbrokers, rather than filling in an application form printed in a prospectus or a newspaper. The brokers than apply for shares on behalf of

Private investors might not

like this trend. The brokers sion, whereas applications "off the page" involve no extra charges. Further, not all potential investors have stockbro-

But the system has its supporters. One merchant banker says: "The financial intermediaries mechanism is the best of both worlds. Shares are not for the man in the street. They are risky investments and the sort of person who doesn't have a broker shouldn't be going for most flotations."

Another confesses: "It is a cheaper way of persuading the Stock Exchange that you are trying to reach beyond the usual charmed circle.

The Stock Exchange is keen that small investors should be able to subscribe for new issues if there is sufficient retail demand. But at the same time, it wants to keep a balance and not be seen to be only looking after the small inves-

However, the exchange has been taking a more flexible attitude to flotations in response to market conditions. It is concerned when a flotation is seen to have flopped, especially if that means that the market in the shares is

Until recently a limit of £30m

was imposed on the amount a company could raise without making a public offer. Even that amount was only possible if half was offered through financial intermediaries to the public.

These limits have now been relaxed, and sponsoring banks have been approaching the exchange to discuss arrangements for particular flotations.

Trinity, which builds chassis for fire engines and dustcarts, the relaxation. It came to market with a placing slightly over the £30m level, with a quarter of the shares offered through financial intermediaries.

That issue was priced on an vening when the market had fallen by more than 100 points. The intermediaries offer was oversubscribed and the shares opened at a premium on their first day of trading.

Had the offer been split evenly between a firm placing and intermediaries, then the level of subscription of the latter part would have looked much thinner.

It is understood that in Trinity's case the exchange was happy to cut the intermediaries' allocation to a quarter, and was prepared to see the issue value reach £35m without pressing for an offer for sale.

retail demand for an issue when deciding whether to insist on a public offer. If a series of intermediaries offers were well-oversubscribed, the exchange would have to think

offer for sale requirement. The issue by JD Wetherspoon, the London pub chain, might have been thought to attract strong interest from the portion was only 79.4 per cent subscribed, leaving the rest of the shares with the institu-

By contrast Dorling Kinder sley Holdings, the publishing group, saw its intermediaries offer, which closed a day after Wetherspoon's, subscribed six times. That left the institutions with only the shares which had been placed firmly.

Unlike a public offer, if the full number of shares available in an intermediaries offer is ignominy of having them left with underwriters, they will

The shares may end up in the same hands at the same admits: "If an intermediaries offer is undersubscribed, it is easier to sweep it under the carpet than in a public offer."

### **Aitken Hume declines**

By Graham Detler

of issue

) ISSUES

AUTKEN HUME International, the banking and fund management group, reported profits of £871,000 before tax for the six

months to September 30. This compared with £2.57m last time, or £950,000 on a likefor-like basis after allowing for pre-disposal contribution of £1.11m from the Bachmann Group, a Guernsey-based financial services company, which

was sold in March this year. Profits were struck after exceptional charges of £266,000. including a £172,000 provision

The previous outcome took in an exceptional credit of 2510,000 following a refund of surplus funds from the UK

pension scheme. Fund management in the US lifted profits to £1.55m (£1.06m) but UK and Channel Islands banking again lapsed into losses with a deficit of £71,000 (profit of £252,000), having incurred losses of £635,000 in the last full year.

Earnings per share emerged at 0.83p (3.25p). The interim dividend is passed reflecting the need to conserve the capital base of the banking group, against future settlements of the company said. The previstock options for management ous year saw an interim of 0.5p of the NSR offshoot in the US.

DIVIDENDS ANNOUNCED													
	Current payment.	Date of payment.	Corres - ponding dividend	for	Total last year_								
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### **BOOZ ALLEN & HAMILTON**

Booz-Allen & Hamilton is pleased to announce the election of sixteen new partners to our world-wide management and technology consulting organization.

Ari Bousbib Ian Crouch Anthony L. D'Ambrosio Brian Fischer Joseph Gamer Mark Grossman Sam L Hill

Kevin Jones

Maurizio Mauro Martin F. Michael Wayne Miller Tony Prophet James Sweeney Steven B. Wheeler Norbert Wittemann Michael J. Wolf

GLOBAL GOVERNMENT PLUS FUND LIMITED International Depositary Receipts representing 100 common shares OFFER TO PURCHASE

The Board of Directors of Global Government Plus Fond Limited author 27, 1992 an offer to psychose up to 25% of the Company's issued and outsi ares (the "offer"). The offer will be made by the Company to all rep on shares in accordance with the terms of the Comand conditions of the offer, a stateholder wishing to accept the offer shall be required to ted by the Company for payment will be the not asset value of the Comp ecember 18, 1992 divided by the rotal mamber of issued and outstan vidata its portfolio securities in an orderly ma estment policies and objective in order to finance the purchase of the d amber of shares tendered by each shareholder.

DR-holders who wish to sell their shares under this offer ) Dollver the IDRs with the coupon ab. 53 stached to Morgan Ge of New York at the address indicated below, by November 18, 1992; and Send the following to the same address by November 18, 1992:
 A certification in the form imposed by the Communication in the following the

ion in the form imposed by the Company available at the add ficated below, completed and signed by the beneficial owner of the IDRs. declaring the owner is tendering all his shares and not less than all for purchase; 2.2 An instruction commining all of the following items:

2.22 Payment instructions for the USS proceeds of the purchase;
2.23 Registration and delivery instructions for shares not purch

Company if the Company only perchases shares as a pro rate basis as described above. Although IDR coupon no. 52 will only be psyable on December 7, 1992, IDR-holder copping the offer will be entitled to this dividend. If the shares are secopted for use, a service charge of US\$25 due to the Company, an IDR cancellation fee of

Morgan Guaranty Treet Company of New York

# BAT INDUSTRIES

# Earnings per share up 105% in nine months

Nine months unaudited results to 30 September 1992

£14,457m +3% REVENUE

PRE-TAX PROFIT £1,027m +56%

**EARNINGS PER SHARE** +105% 35.9p

- Record nine months tobacco profit of £805 million, up 16 per cent. Export volumes 25 per cent higher.
- Financial services trading profit of £376 million; continued recovery at Eagle Star and further progress at Farmers.
- "I expect the 9 per cent dividend increase achieved at the half year to be at least maintained for the year as a whole."

Sir Patrick Sheehy, Chairman

The full quarterly raport is being posted to shareholders and copies are available from the Company Sacretary. B.A.T Industries p.l.c., Windsor House, 50 Victoria Street, London SWIH ONL.

talks

radio station.

for LBC

DAME SHIRLEY Porter, the

politician, and her son, John,

LBC, the London commercial

The Porters are in advanced

controversial Conservative

are riding to the rescue of

By Raymond Snoddy

negotiations for the

Communications, the

loss-making parent of

Under the deal now being discussed, Mr John Porter,

a California-based wine maker

and venture capitalist, would

LBC in a deal that would swap

Lady Porter, heiress to the

Tesco fortune and former Lord Mayor of Westminster, would

also be involved - possibly

The Radio Authority, the

regulatory body for the commercial radio industry, has been informed about the

plan is and believed to be

enthusiastic.
The deal would provide
much needed financial

underpinning for LBC until

A source close to the Porter

venture" although Lady Porter

development of LBC, London's speech-based commercial radio

would also be able to use her

family said that the deal was

its franchise comes up for

"a hard-nosed business

London contacts and

knowledge to help the

Under the deal being

been described by Mr

discussed, LBC, which has

Christopher Chataway, its

would be clearly separated

from loss-making Crown.

chairman, as "cash positive",

It is not clear how much of Crown would then be left. The

company has said it intended

everything apart from LBC.
 Lady Porter, who is still a

Westminster City councillor,

interview that her ambition

was "to promote London".

She recently said in an

was a director of rival Capital Radio in London from 1982-88.

to sell off "non-core assets"

renewal next year.

take a substantial stake in

debt for equity.

as an LBC director.

restructuring of Crown

# HK Land in fresh move on Trafalgar

By Roland Rudd in London and Simon Holberton in Hong Kong.

HONGKONG Land, the Jardine Matheson-controlled Hong Kong property company, yes-terday signalled its intention to keep up the pressure on Trafalgar House when it said it had an option to take its stake above 20 per cent.

Hongkong Land, which has a 14.9 per cent stake in the UK property, construction and engineering group, said an investment house had entered into an option arrangement to buy 36m Trafalgar shares on February 3.

As part of the option deal, Hongkong Land may be obliged to buy up to 67m shares until May 3. In both cases, it would pay no more than the 85p per share or 82p

**Ansbacher** 

announced

HENRY ANSBACHER, the UK

merchant bank, yesterday con-firmed that it had agreed terms

of a takeover by the First National Bank of South Africa.

Majority shareholders, accounting for 73.1 per cent of

the shares, have accepted 27 1/2 p

However, Mr Richard Fen-

halls, chairman and chief exec-

utive, could not recommend

that price to minority share-

holders, who are to be offered

bid terms

By Roland Rudd

32p a share.

per A share it offered in its recent tender.

The arrangement means Hongkong Land is almost certain to raise its stake to 20.07 per cent. Although it could increase its stake to 29.9 per cent, in practice it is only likely to be forced to buy another 67m shares if the share price falls well below 85p.

However, by taking its stake above 20 per cent Hongkong Land will be able to equity-ac-count its holding, enabling it to book a share of Trafalgar's profits. Trafalgar's ordinary and A shares yesterday closed at 83p and 80p respectively. Mr Alasdair Morrison, man-

aging director of Hongkong Land, said yesterday he would be looking for further board representation.

Trafaigar has already

### to its board. Hongkong Land yesterday made it clear that its main priority over the next five months was to get another of its directors, Sir Charles Powell, to join

director of Hongkong Land, to its board, but has turned down

a request to appoint a second

director from Hongkong Land

Trafalgar's board. Mr Morrison described the option over Trafalgar as "friendly". He said Trafalgar's board was made aware of the company's intention to enter into the option arrangements.

"We wish to be a supportive, long-term investor," he said. Trafalgar said it was relaxed about the move but is unlikely to be happy with the ease at which Hongkong Land has been able to lift its stake after Hongkong Land's tender offer appointed Mr Rodney Leach, a for another 15 per cent failed.

# **Burnfield drops 78p** on profits warning

By Jane Fuller

THE MARKET value of Burnfield yesterday plummeted 47 per cent to £29.8m after the specialist maker of pressure gauges and other industrial instruments warned on profits.

The share price fell from 165p - on a par with this summer's rights issue price - to

directors accompanied the announcement of a £1.1m interim pre-tax profit with a prediction of increased profitability in the second half.

Mr Fenhalls said: "It is the job of management to get the best possible deal for share-For the full year, Barclays de Zoete Wedd, the company's holders. We dug our heels in to get a better result for the broker, had forecast a rise to £4.3m (£1.17m). But following a sudden drop in UK orders from The majority shareholders' mid-September, the figure has

price assumes that First National will set aside money been revised to £2.5m. The company has been reorin escrow arrangements in ganised by new management case any outstanding claims in the couple of years since Mr Brian McGowan, chief execu-tive of Williams Holdings, the against Ansbacher materialise. Shareholders representing 89.3 per cent have given irrevoindustrial conglomerate, cable undertakings to accept. became non-executive

chairman

It had started to grow by acquisition - Budenberg last year and Malvern Instruments this summer – accompanied by the 3-for-4 rights issue to raise £22.7m.

Mr Ian Staples, chief executive, said UK orders at Isopad, a maker of heating products, had fallen by 50 per cent in September. Normally the 87p.
Less than two months ago, fourth quarter was the strongest because its products are aimed at such tasks as frost protection, "but the orders have not come through".

Isopad's sales were expected to be 11 per cent down for the year at less than £14m. This was due partly to a planned contraction in Germany, where the recession was deepening. Budenberg, the pressure gauge and thermometer com-

pany, had been enjoying a steady rise in orders, but the drop in mid-September amounted to 30 per cent. For the year, its sales would be flat at about £9m. Last year Budenberg was only included for

### Porters in | A very tough act to follow rescue

man have taken over a Company with such a successful recent trading record as that of J Sainsbury. But rarely will a chairman have to run so fast just to match, let alone exceed, the achievements of his predeces-

Such is the privileged and challenging inheritance of Mr David Sainsbury, who at noon on Monday succeeded his cousin, Lord Sainsbury, as chairman of the UK's biggest

grocery chain.

David Sainsbury certainly started well enough. Just two days into the job he was able to announce a solid 19 per cent improvement in interim pretax profits. And, at a compe-tently-handled press conference, he went out of his way to stress that there would be few noticeable changes in the direction of the company, "It has been a very smooth transition," he said.

But to the company's follow-ers, the personality and style of the new chairman offer a fascinating contrast with that of his domineering predecessor, who successfully guided the company for the previous 23 years taking its annual pre-tax profits from £4.3m to £628m

in that time. Quiet where his cousin was assertive, and reflective where his cousin was impulsive, David Sainsbury brings a very different feel to the top of the

UK grocery chain.
But Mr Bill Myers, food retailing analyst at stockbrokers Henderson Crosthwaite, suggests the contrast will be no bad thing.

"Both men, it seems, are carriers of a gene that makes them world class grocers but the two personalities could scarcely be more different," he commented in a recent circu-

"David will be out to prove that his consultative, philosophical style will be as good for the next phase of Sainsbury's growth as John's slightly less benevolent dictatorship was for the group's formative years as a public company."

A neat composed figure who wears sensible glasses and button-down shirts, the 52year-old Mr Sainsbury likes to stress the continuity and team-work at the top of the comJohn Thornhill on the challenges facing the new Sainsbury chief



Lord Sainsbury (right) with his cousin David who succeeded him as chairman of the UK's biggest grocery chain on Monday

When the two cousins company's products as a forworked together they comple-mented each other well. While Lord Sainsbury was the consummate grocer with a deep interest in the running of the stores and the products they sold (he will continue to help select Sainsbury's wines), David concentrated more on the financial and analytical issues of the business - much as his father had done before him when he was chairman

ord Sainsbury was certainly a hard taskmaster, ready to tear employees off a strip for shoddy store displays, but David is likely to adopt a more

and Lord Sainsbury was his

consensual approach - much to the relief of some of his col-However, the sense of complementarity at the top will be maintained as Mr Tom Vyner.

who has been steeped in the

mer buying director, has filled Mr Sainsbury's old post as deputy chairman.

Nevertheless, Mr Sainsbury emphasises that while there will be no revolution at Sainsbury there will continue to be

a rapid evolution.
"Food retailing is a very dynamic and a very competitive business. It is a market of changing fortunes. We are leaders now and it is absolutely my intention to have a bigger lead when I cease to be chairman. But we will only do so by changing our business. I am certain we will be a very different business in 10 years' time from what we are today,'

he says. Mr Sainsbury sees growth opportunities in the UK for some time to come, saying there are still 150 sites from which the company would like to trade - it has only recently opened its first store in Scotland, for example.

"We have always had a fairly steady ratz of increase," he says, "We have increased space by about 8 per cent a year over the past 20 years and that is something we want to continue

But if we felt that we were not finding the opportunities to do that in this country then we have already established a foothold in America with Shaw's and may look to

expand there." After an education at Cambridge and Columbia University in New York, Mr Sainsbury joined the family company in 1963 holding a succession of posts, most notably as finance director between 1973 and 1990.

is most prominent involvement in public life came from his enthusiastic backing of the now-defunct Social Democratic Party. But he has retained a strong interest in issues of social policy.

"We have got a tradition in Sainsbury's that we do not get involved in politics at a corpo-rate level. We have always had quite different political views in the family. But there are still some issues I feel very strongly about such as training and education, which are very closely related to our company's business philosophy," he

It is a view he intends to champion as chairman of the London Business School, if not as chairman of Sainsbury. "We give the bottom 40 per cent of children a very poor education and I think there is now a lot of evidence to suggest that this has a major impact on produc-tivity," he says, citing the research conducted by Sig Prais at the National Institute of Economic and Social

Mr Sainsbury will certainly be one of the more cerebral additions to the ranks of UK company chairmen. And after living in the shadows of more famous members of his family. Mr Sainsbury will now stand out more clearly in his own

It somehow seems appropriate that the company's staff has now stopped referring to him as Mr David - to distinguish him from all the other family members. From now on he is the Mr

nis announcement appears as a matter of record only

£96,000,000

Management Buy-out of **Express Foods** 

from Grand Metropolitan PLC

Management advised by Bank of Tokyo International Limited

Total financing of £116,000,000 led by Bank of Tokyo International Limited

Senior Debt Facilities co-arranged and co-underwritten by

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### **COMPANY NEWS:** UK

# Wounded Stakis keeps to doctor's orders

A N OUTPATIENT, says
Mr David Michels,
chief executive of the Stakis Group, is still, technically, in hospital. Stakis, he says, is an outpatient: but it moved out of intensive care some time ago and has since left the ward.

Stakis is the hotels, nursing homes and casinos group that got into severe trouble early last year. Sir Lewis Robertson, the company doctor, came in as chairman, replacing Sir Reo Stakis, the Cyprus-born founder who became president. In June 1991 Sir Lewis fired Mr Andros Stakis, Sir Reo's son, who was chief executive, made £44m of write-offs and provisions, agreed a standstill on debt repayment with the banks and began a programme of disposals. But further revival had to wait until Mr Michels had arrived from Hilton International.

Mr Michels, a sparky 45-yearold Londoner, confronted a group that was overmanned and living, in some places, on illusions. One of his early moves was to "get rid of almost everybody who was stopping us making a profit". The seven divisional head-

quarters, all in the Glasgow area, were merged into one and headquarters staff was cut from 350 to 150. The hotels division has cut 700 jobs, including part-time staff, and the group

Disposals and cutbacks have brought some relief to the leisure and nursing group, but its problems are not over, reports James Buxton

now employs about 7,000 peo-

ple.

"And yet we feel a lot better
""- Michels. "The for it," says Mr Michels. "The operators we've got left in the business are bloody good." Stakis, he says, also benefits from the fact that past managers had a gift for choosing good sites for its outlets.

On December 21 Stakis will produce its results for the year to September 30 - last year it lost £47m on sales of £171m. It may then indicate what it intends to do about its £198m of debt, owed to 21 banks, some foreign. Until then Mr Michels is unable to give figures.

The hotels division, oper-ating 30 properties all over the UK and accounting for nearly two thirds of the group's assets, has faced the greatest change. "Some of it didn't appear to be run for profit," says Mr Michels, who also noted that many of the hotels were charging as if they had an extra star rat-

Mr Michels has repositioned many of the hotels and "put them where the customer knew they ought to have been in the first place". All-night room service has been with-

Sir Lewis Robertson; came in as trouble-shooting chairman.

drawn in some. Stakis' new Country Court chain of six hotels has been merged with the rest. Earlier this year, Mr Michels remarked: "It's difficult enough to establish a

"not brilliant, but accept-Stakis had hoped to sell its 19 casinos and raise £100m, but

and occupancy has averaged

64.7 per cent across the chain

had to abandon the idea last year when it realised it could not get a good price in the recession. Instead, the casinos have been redecorated after a gap of two years, new managers have been installed at some of them and the division is

he group's third arm, health care, which operates 18 nursing homes under the Ashbourne name, has improved in the past year. Nursing homes, says Mr Michels, take between nine to 18 months to fill up with patients, but once old people have moved in they tend to stay, largely unaffected by economic circumstances and paying, in upmarket Ashbourne's case, £470 per week. Occupancy rates reached 93 per cent across all the homes in the last financial year and will go higher as the remaining homes fill up.
"The downside is that we

have 21 sites for new nursing

Long is paying only £10,000

immediately. Saatchi has also been allotted 3.5m preference

shares of £1 each, redeemable

Mr Long said that MSL,

at par in tranches until 1998.

mission. They are running up interest charges but we can't afford to develop them," says Mr Michels. Some £50m is needed to complete the homes.

It comes back to the question of the debt. The company could try to make another standstill agreement with its banks next March and trade out of its debt with positive cashflow; it could raise new capital with a rights issue, for which stock market conditions are not favourable; or sell off a division.

Stakis has already tried, unsuccessfully, to sell the casinos, and it would not contemplate selling its hotels. That leaves the nursing homes. "It's no secret that we've been looking for a partner to develop the nursing homes with us," says Mr Michels. Other possibilities would be an outright sale to another company, or a separate flotation of Ashbourne.

Rumours that Ashbourne was to be floated (denied by Stakis) caused the company's shares to jump 5%p to 32%p late October, but they have since fallen back to 30p.

The company may reveal its intentions when it announces its results next month. Mr Bruce James an analyst with Smith New Court, says Stakis has "stopped the rot" and forecasts a net loss of about

of 8.74p (8.85p) per income

3.05p maintains the total at an

uncovered 8.85p with utilisation of part of the revenue reserve. Mr Sandy Struthers, chairman, said the total for the

current year was likely to be

**Keystone Investment** 

Keystone Investment saw its

net asset value fall 11 per cent, from 489.13p to 434.87p per

share, over the 12 months to

The investment trust

reported net revenue marginally ahead at £2.16m (£2.1m) for

earnings of 15.14p (14.74p) per

net assets fall 11%

reduced to about 7.5p.

A proposed final dividend of

**CHICAGO** 

The Financial Times proposes to publish this survey on

The Board of Management of Aktobas announces that on November 5, 1997 the results for the florid quarter of 1997 were published

the London Paying Agrons.

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**FINANCIAL TIMES** 

### Consortium extends ITN offer

THE OFFER for 80 per cent of Independent Television News has been extended to November 18 after yesterday's deadline passed without agreement.

The consortium of four companies - Carlton Communications, Central, London Weekend and Reuters - agreed to the extension after what they described as "positive and constructive" discussions with representatives of existing ITN shareholders. The consortium has agreed

to buy the 322,596 £1 ITN shares not already owned by its members at par and inject up to £30m, mainly to cover a projected deficit of £25m over five years on the lease of ITN's London headquarters.

The proposal terms have not yet been changed. But the fact idline extension is designed to "allow possible amendments to the offer to be explored further" is a sign they

might be.
The talks will focus on two areas - the price of the shares and percentage of the news organisation to be held by non-The price of £1 will not be

acceptable to ITN shareholders who do not want to stay in. The 20 per cent available to non-consortium members is too small to accompdate shareholders who want to stay in. Thames, Granada, and proba-bly Yorkshire want to remain shareholders and are unlikely to accept less than 10 per cent

Unless there is movement on price and size of the available stake it seems likely that the offer will fail ITN's articles of association will have to be changed to enable such a deal to happen. That would need a 75 per cent majority.

### Grand Central little changed with £1m

Profits were little changed at Grand Central- Investment Holdings in the year to June 30

On sales up 27 per cent at £29.8m (£23.4m) the pre-tax result was £1.01m (£994,000). The group's interests in the Asia Pacific te commodities, Kuril Plantations and Cocoa Specialities, which suffered from the lowest cocoa prices for some years and the weak pound. The company has decided to divest itself of these

However, increased profits were reported from confection-

BARCLAYS

NOTICE

to the holders of the outstanding U.S. \$330,830,000

Junior Guaranteed Undated Floating Rate Notes

issued by

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(Incorporated with limited liability in The Netherlands)

and guaranteed on a junior subordinated basis by

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and the Trustee giving effect to the substitution and making consequential amendments to the Trust Deed, the

and the Trustee giving enect to the substitution and making consequential amendments to the Trust Deed, the Notes and the Coupons are available for inspection during normal business hours at the offices of the Paying Agents for the Notes set out below, together with copies of the First Supplemental Paying Agency Agreement and the First Supplemental Agent Bank Agreement, both dated 30th October, 1992 making consequential amendments, respectively, to the Paying Agency Agreement and the Agent Bank Agreement relating to the Notes. Copies of the amended Terms and Conditions of the Notes may also be obtained from the same offices. The Bank will remain as Principal Paying Agent for the Notes.

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distribution. The dividend is unchanged at 0.45p on earnings per share of 1.47p (1.38p).

### Impshire reduces loss to I£116,000

Impshire Thoroughbreds, the Dublin-based bloodstock group, reduced pre-tax losses to I£116,000 (£126,000), for the six months to June 30. The deficit last time was I£159,000.

Operating losses fell to I£48,000 (I£68,000) and there was a lower I£68,000 (I£91,000) deficit reflecting the change in value of bloodstock. The company continued to reduce its the continuing weak market. Losses per share were 1.8p against 2.4p.

### Net assets decline at German Smaller

Net asset value at the German Smaller Companies Investment 30, down from 226.9p at the March year end and 223.5p at

the same stage of 1991. The figure after dilution for exercise of warrants was 195.7p, against 206.9p and 212.4p respectively.

At end-September the trust's

discount to fully diluted net asset value had widened from ery manufacturing and food

(£352,000) for earnings of 2.49p (1.96p) per share.

brand with 30 hotels; with six

Gross operating margin in

the hotels has reached 38 per

cent in the past five months -

"a good operator would expect

16 per cent to 28 per cent. Net

it's impossible.

### **Burmah Castrol** completes disposals

Burmah Castrol, the lubricants, chemicals and fuels group, has sold Foseco's Celmac toilet seat business to Chalkmere for about £3m.

Of the purchase price £2.3m was paid on completion with the balance due in December 1993. The price may be adjusted to reflect actual working capital at October 30 1992. It has also agreed the sale, for £2.7m, of the investment in Carborundum Universal, a manufacturer in India of ceramics and grinding wheels. These sales complete Bur-

mah Castrol's programme of disposals of Foseco's non-core activities and bring the total proceeds to some £60m.

### Saatchi & Saatchi sells MSL for £3.5m

Saatchi & Saatchi is selling MSL Group International, its consulting and recruitment company, to Mr Garry Long, MSL's chairman, in a deal worth £3.5m. Because of the depressed state of MSL's business, Mr

which has operated at a loss in the current year, would redeem the shares out of future

profits. If MSL could not make the payments, Saatchi would have the right to convert the shares, but would not regain control of MSL as the maxi-mum stake obtainable would be 50 per cent.

MSL has 120 employees in

the IIK and net tangible assets of £550,000. Founded in 1955, it merged with Hay, the US personnel consultancy in the mid-1960s to form Hay-MSL, which was acquired by Saatchi in 1984. Hay was sold to its mannent in 1990.

### Scottish National to reduce pay-out

The Scottish National Trust, a split capital trust managed by asset value of 2.8p per capital share, down from 92.8p over the 12 months to September 30. The value per income share

was 73.1p (68.7p); per zero divi-dend preference share 170.8p (153.5p) and per stepped preference share 127.6p (121.6p). Net revenue was little changed at £16m, for earnings

### share. A recommended final dividend of 10p brings the total for the year to 15p (14p).

**Booker to buy** 

GrandMet offshoot Prepared Foods Group of Booker, is buying the fixed assets and goodwill of Eatfresh, a sandwich and chilled snacks business from Grand

Metropolitan. Book value of the fixed assets acquired is £1.69m and the current assets will be purchased at valuation.

# The United Mexican States Floating Rate

### Privatization Notes Due 2001

The applicable rate of interest for the period November 2, 1992, through and including January 31, 1993, to be paid on February 1, 1993, a period of 91 days, is 4.4375%. This rate is 13/16% above the offered rate for threemonth deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Settlement Rate (3.625%) as quoted on the Dow Jones/Telerate Monitor as Telerate Screen No. 3750 as at 11:00 A.M. (London Time) on October 29, 1992.

The above rate equates to an interest payment of USD 11.2170 per USD 1,000.00 in principal amount of Notes.



Banco Nacional de Mexico, NY

October 29, 1992



The Board of Management and Supervisory Council of Akzo N.V. decided to distribute for the fiscal year 1992 an interim dividend of NLG 1,50 per ordinary share of

As from 18 November, 1992 the above dividend of NLG 1,50 per ordinary snare will be payable against surrender of coupon Bardays Bank PLC Stock Exchange Services Department 168 Fenchurch Street

London EC3P 3HP Midland Securities Service Suffolk House Paying Agency Section 5 Laurence Pountney Hill

Dividends so payable for U.K. residents will be paid less 15% withholding tax and

U.K. income tax will be deducted from the gross

Residents of other countries For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.). Where no such form is submitted withholding tax at the rate of 25% wille be deducted United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms

Information concerning any of the above-mentioned documents may be obtained from Barclays Bank PLC and Midland Securities

Arnhem, 4 November, 1992 Akzo N.V., the Netherlands.

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# Falconbridge to cut nickel output

By Bernard Simon in Toronto

FALCONBRIDGE of Canada is to trim its nickel output by up to 15 per cent of capacity, joining the lengthening list of producers which have been forced into cutbacks by the slump in metal prices.

The Toronto-based company, which is the western world's second biggest producer, yes-terday outlined a number of measures that will reduce planned 1993 production of nickel matte at its Sudbury, Ontario mines to 38,000 tonnes. from an earlier estimate of

Mr Lars-Eric Johansson, Falconbridge's chief financial officer, said that cuts were also possible at Falcondo, the company's ferronickel facility in

By Kerin Hope in Athens

tional prices

LARCO, THE troubled Greek

ferronickel producer, is to cut output of refined nickel by 40

per cent from next week in

response to falling interna-

the Dominican Republic, but that no final decision has yet been made.

News of Falconbridge's action had only a marginal impact on the nickel market yesterday. The London Metal Exchange three months delivery price closed at \$5,942.50 a tonne, up \$27.50 on the day.

Inco, which accounts for more than a quarter of the west's nickel output, began the belt-tightening among producers last month by announcing a 10 per cent reduction in out-put. Several others have subsequently followed its lead in response to stagnant demand from the world stainless steel industry and a sharp increase in exports of nickel and stainless steel scrap from eastern

from about 1,400 tonnes to 800

tonnes a month. The cuts are

to be maintained for at least

five months, the company said.

that we have no alternative

but to follow the big interna-tional producers and reduce

output," said Mr Nikos Kalles,

"Prices have gone so low

at Richardson Greenshields in Toronto, said that the cutbacks are not yet sufficient to reverse the recent slide in nickel prices. Mr Goldie recently raised his estimate of the thirdquarter supply surplus from 13.9 per cent to 14.2 per cent. He said that Falconbridge's cuts would narrow that gap by

0.7 per cent. The normal two-week summer shutdown at the Sudbury division will be extended to ten weeks next year. In addition, the commissioning of a new shaft at the Craig mine, which was originally due to take place next August, has been postponed for at least a year or two. Besides cutting produc-tion capacity, the deferment will save Falconbridge C\$25m-

"There should be no problem

in fulfilling contracts in time this year, in spite of the cut-

backs, but we'll have to review

the outlook for 1993 with our

Larco, a state-owned com-

pany which operates the only

nickel mine in the European

customers," he added.

But Mr Ray Goldie, analyst 30m (£13.1m-£15.8m) in spending on new machinery and

The Nikkelverk refinery in Norway, which gets the bulk of its raw material from Canada, will be closed for seven weeks in the early summer of 1993. Mr Johansson said that the refinery's output next year was now estimated at "not more than" 54,000-55,000 tonnes, compared with 56,000 tonnes

Falconbridge, whose shareholders are Canada's Noranda and Trelleborg of Sweden, also said yesterday that its thirdquarter earnings rose to C\$7.9m from C\$3.7m a year earlier. The average price realised during the three months was US\$3.40 a lb, well above pres-

Low prices force Greek producer to follow suit output of refined nickel. The company is due to be

offered for sale in the next few months under the Greek government's privatisation programme. Credit Suisse First Boston, the merchant bank, has been appointed to handle

### Production at Larco's plant in central Greece will drop Finance awaited for Jamaican

bauxite venture By Canute James in Kingston

THE CREATION of a joint venture between a Ukrainian and a Jamaican company to mine bauxite on the island is awalting the securing of finan-cial guarantees, according to Jamaican bauxite industry offi-

cials. Jamaica Bauxite Mining, a state-owned company, and Nikolaev Alumina of the Ukraine have been negotiating the establishment of a company to rehabilitate and work bauxite mines on Jamaica's north coast, which were closed eight years ago, with the ore being processed in the Ukraine

Mr Vin Lawrence, chairman of Jamaica Bauxite Mining, said it was proposed that his company would have a 51 per cent stake in the new com-pany, with Nikolaev holding the remaining equity. He said neither the Jamaican nor the Ukrainian governments would

he involved in the venture. The mines, which were worked by a local subsidiary of Reynolds Metals of the US, Despite higher demand, howwere closed in 1984. The venture being considered by Jamaica Bauxite Mining and Nikolaev will need between \$20m and \$25m to rehabilitate the mines. Production is projected to reach 2.5m tonnes a

### Community, accounts for the disposal. Outlook brightens for iron ore

By Frances Williams in

A MODEST increase in world iron ore consumption is expected next year after a difficult 1992, which has been marked by lower prices, weaker demand, high investments and declining trade.

Government and industry representatives from 30 countries who met last week in Geneva under the auspices of the United Nations Conference on Trade and Development, agreed that "the worst has already passed" for the industry in the short term.

Long-term prospects were also brighter, with the International Iron and Steel Institute predicting an overall increase in steel consumption to the year 2000.

The institute expects a 1.5 per cent rise in steel demand in 1993, which the experts believe will translate into an increase in demand for iron ore of the order of 1 per cent. This compares with a drop in world consumption of 4 per cent in 1991 to 937m tonnes and a further fall in 1992.

ever, the high level of stocks and very low scrap prices will continue to put downward pressure on fron ore prices next year.

The 1992 slowdown has reflected recession in the big industrialised countries, espe-

BRAZILIAN IRON ore exports were down to 80.5m tonnes in the first nine months of this year, compared with 87.3m tonnes for the same period last year, according to figures released by the National Association of Iron and Basic Metal Mining Industries, writes Bill Hinchberger in Sao Paulo. Receipts for the period

were \$1.8bn, compared to \$2bn last year. The state-owned Companhia Vale do Rio Doce, responsible for 55.7 per cent of the country's iron ore output last year, saw its sales abroad drop for the January-September period to 52m

The downturn was mainly due to lower demand in Japan, Germany, South Korea, Italy, France and other principal markets, said Mr Antonio Heurique Senise, the association's executive secretary. He also blamed reduced receipts on lower prices, down by about 5 per cent in comparison with 1991.

Exports were expected to maintain the same rhythm for the rest of the year, said Mr Senise. At that rate, Brazil's total iron ore exports for the year will be about 108m tonnes, down from last year's 114.7m tonnes.

Previous High/Low

721 710

770 762

two leading iron ore importers. Crude steel production in the first nine months of 1992 was down 13 per cent in Japan and 2 per cent in Germany compared with the corresponding period of 1991.

However, the big fiscal xpansion package announced by the Japanese government last summer is expected to boost steel output from early next year. Other Asian markets are growing strongly, especially China where crude steel production rose by an annualised 14 per cent in the first nine months of this year. Steel production has also been rising in the US and Latin

The main black spot remains

cially Japan and Germany, the eastern Europe where crude steel production fell by an annual 16 per cent in January September 1992 and little improvement is expected in the

> near term. Iron ore production in the region is almost entirely concentrated in the former Soviet Union, with Russia and Ukraine accounting for nearly 95 per cent of output. Despite a drop of 16 per cent from 1990, the former Soviet republics still produced 199m tonnes of iron ore in 1991, more than 20 per cent of the world total. After the former Soviet Union, China, Brazil and Australia are the leading iron ore producers, while Brazil and Australia are by far the biggest

# forecast to remain in

doldrums By David Blackwell

THE SLUGGISH world sugar industry can expect only modest improvements in the decade to the year 2000, according to a report compiled by the United Nation's Food and Agricultural Organisation and the International Sugar Organisa-

In 1990 sugar overtook coffee to become the biggest soft commodity export earner for developing countries, accounting for US\$8.6bn.

Taking the UN's growth rates for the 1990s as a baseline case, the report predicts growth in sugar consumption to average 1.76 per cent a year, reaching 128.3m tonnes in 2000, compared with 107.8m tonnes in 1990. Production is expected to be 1m tonnes below consumption.

In contrast to the stagnation and decline of the 1980s, trade will expand by about 4m tonnes. But prices in 2000 will still be around 10 cents a lb in 1990 terms, after falling lower in the middle of the decade. However, the report warns that if world income growth falls below the UN's projected rate, "the prospects for the remainder of the decade would

be bleak". In addition to growth prospects, developments in the sugar market will be heavily influenced by activity in the former Soviet Union and eastern Europe, the report suggests. World imports will be 26.8m tonnes in the year 2000 given "stable" production in the former Soviet Union, but only 23.7m tonnes if the region were to achieve a "high" production of 12.5m tonnes by

The World Sugar Market. Pros pecis for the Nineties. FAO, PO Box 1490, London SW7 1RQ.

### Molybdenum mine to close temporarily

CYPRUS MINERALS Company will temporarily shut its Thompson Creek primary molybdenum mine in Idaho because of weak demand for steel, reports Reuter from Den-

The company said the mine's sales had fallen in 1992. It will reopen the mine when it sees improvement in molybdenum prices, which have remained at a 20-year low.

Cyprus said during the shutdown it would meet molybdenum demand from by product output at its Sierrita and Bagdad copper mines in Arizona.

# Sugar prices | Environmental costs 'may bankrupt some oil refiners'

By Nell Buckley in

TIGHTER environmental legislation on oil refiners could mean higher prices for consumers and bankruptcies among refineries, delegates heard yesterday on the second day of the Financial Times Petroleum and Gas conference. Several speakers warned the costs to refiners of green regu-lations would be tens of bil-lions of dollars which oil com-

panies could ill afford. Mr Klaus Kohlhase, head of health, safety and environment at BP and chairman of Concawe, the European oil industry's environmental organisation, warned that the total cost of all potential environmental laws was \$70bn to \$80bn, or about \$10bn a year to the end of the decade.

"To put this in perspective, \$10bn was the total for 1991 of profits from worldwide operations for the 10 largest European oil companies. The industry just cannot afford this investment level," he said.

Of environmental controls already implemented or being seriously considered by the European Community, Mr sions of sulphur dioxide and ately engage in activities that

nitrogen oxides was likely to cost \$1bn; controlling hydrocarbon evaporation losses during storage and transfer, \$2bn; controlling hydrocarbon evaporation during refilling of cars at service stations, \$1bn; reducing the sulphur content of die-sel fuel to 0.05 per cent, \$4bn to \$5bn; and reducing sulphur in heating fuel to 0.1 per cent.

Mr Kohlhase warned that in a competitive environment, there was limited scope for passing on these costs to the consumer, and that refineries might start going out of business, as was already happening

in the US. Mr Maurice Allion, of the European Commission's directorate-general for energy, and Mr Yves Nanot, president of refining and distribution at Total, the French oil company, both agreed the refining industry faces potential spending of upwards of \$60bn.

Mr Allion said oil companies' cash flow would not be suffi-cient and outside financing would have to be sought. "If I was cynical, I would say the consumer at the end of the day will pay," he added.
Mr Nanot warned that oil

companies could not deliber-

harmed the development of the industry, which had made a significant contribution to improving the quality of life. He urged closer co-operation

between the oil and car manufacturing industries in finding environmental solutions, and between the oil industry and the European Commission. He added that all emissions control proposals should undergo rigorous cost-benefit analysis and be based on strong scientific evidence. Inefficient constraints, he warned, would have a negative impact on the refining business, with important consequences for sustain-

able development in Europe.

Mr Pieter Koppenol, senior managing director of Comprime, the Dutch engineering company, said environmental proposals presented huge opportunities for companies specialising in pollution con-

trol processes and systems.
He emphasised the need to strike a balance between the environmental benefits and energy consumption of pollution control, warning that generating the energy required to remove one tonne of sulphur from the diesel stream in a refinery emitted 20 tonnes of carbon dioxide into the atmo-

### Trinidad scraps duty to boost output

income in excess of \$15m. According to Mr Wendell Mot-

IN AN effort to attract new and larger investors to its petroleum sector and to arrest a decline in crude oil production, Trinidad and Tobago has changed its legislation on the petroleum industry and is offering incentives to new par-

The government is repealing an oil recovery duty imposed five years ago, and is increasing the rate of its petroleum profits tax from 45 per cent to

50 per cent. Under the recovery duty, oil companies paid rates of 1 per cent if their taxable income was below \$5m a year, 2 per

tley, the finance minister, the change in the legislation will cost the country about \$35m this year. He said, however, that this loss was a sacrifice for the longer term benefit to the country in anticipated increased investment in the petroleum sector. He said the government intended to provide incentives

for increasing activity in the petroleum sector, particularly activity which will help to arrest the declining trend of production".

The country needed to attract major oil companies which would be willing to drill cent on income between \$5m to depths of 20,000 feet if necesary and \$15m, and 3 per cent on sary, the minister said. "At company.

that depth we are looking at costs of \$20m per well, and such capital is not available to

our small companies." Trinidad and Tobago's crude oil production has fallen steadily from an average of 168,999 barrels a day in 1986 to an average of 138,900 b/d in the first half of this year.

The country's petroleum sector is to benefit from a \$411m project for secondary oil recovery and refinery expansion. which is being financed by the Inter-American Development Bank, the Japan Import-Export Bank, the Commonwealth Development Corporation, the **European Investment Bank**, the Caribbean Development Bank and the state-owned oil

### Alcan mothballs Brazilian capacity

Brazilian subsidiary said yesterday that it was temporarily
suspending production of 27,000 tonnes a year of alumin
tage 30,000. The company of one it also blamed low domestic and world aluminium prices, which it said were about 20 per cent below its production ium at its smelter in Aratu, from Rio de Janeiro.

The Alcan Aluminio do Brasil plant in north-eastern Brazil produces 57,000 tonnes a year of primary aluminium. losses of about \$20m because of with the suspension it will pro-

1174.5-5

ALUMINIUM'S duce 30,000. The company on sion in Brazil.

move was temporary and that Bahia state, reports Reuter as soon as economic conditions permitted the furnace line would be reactivated.

In the last two years the company has accumulated losses of about \$20m because of

costs, as well as high electricity tariffs in Brazil. Alcan Alumino said that electricity costs. which accounted for about 35 per cent of its total production costs, were about 70 per cent

above what was paid by most

of the world's top producers.

### **MARKET REPORT**

A sharp post-US electoral rally in SILVER prices to the highest point in nearly three months sparked a turn-round in precious metals markets from morning levels that saw gold hit its lowest fix since late August. Silver pushed up through resistance at 382 cents a trov ounce in early Comex trade on US fund buying and peaked near 387 cents. The move had been widely signalled by an Increasingly constructive technical picture. The expected Clinton victory also generated hopes of an economic stimulus package for the US economy

### **London Markets** SPOT MARKETS

+0.90

and provided the fundamental excuse for silver's rally. GOLD. however, remains under pressure from producer forward selling, notably from South Africa and Australia where gold remans attractive in local currency terms as the rand and Australian dollar have slid against the US unit. Recent large sales of what appears to be central bank gold, have also weighed on values. Dealers said

SUQA	? - Lond	on FOX	(\$ per	, ро
Raw	Close	Previous	High/Low	
Dac	198.00	199.00	198.00 198.0	10
Mar	197.00 129.60		197.00 199.80	
May				
White	Close	Previous	High/Low	_
Dec Mar	259.30 256.50	159.50 158.80	259.60 259.0 259.00 258.0	
May	250.00	190.90	260.00	~
Aug	264.50		264.10 264.0	
Oct	254.00	165.00	254.00 253.0	10
White 4		Paris- Whi	( 50 tonnes. Ite (FFr për	ton
CRUDE	( OIL, - (	PE		/be
	Late	st Previo	us High/Lov	7
Dec	18.16		19.26 19.	
lan Feb	19.22 19.23		19.35 19. 19.29 18.	
Mar	19.16		19.20 19.	
ADr	19.10		19.17 19.	
Vay	19.05		19.16 19.	
Jun 💮	19.13		19.13 18.	98
PE Ind				_
Turnove	or 35205 (	24191)		
DAS O	L - IPE			irto
	Close	Previous	High/Low	_
Vov	181.75	186.00	163.25 160.7	
)ec	182.25	187.00	184.00 181.5	
len.	183.25	188.00	185.00 182.7	
eb Aar	182.25 178.00	186.00 181.75	183.50 181.7	
var Vor	174.50	177.75	179.25 177.7 178.00 174.2	
-pri	172.50	174.00	172.75 172.0	
uľ	173.00		173.25 173.0	
	r 30922 (	15551) lots	ol 100 tonner	;
Uniove				

COCOA - London POX Turnover: 3521 (4614) lots of 10 tennes ICCO indicator prices (SDRs per tenne). Daily price for Nov 3 748.14 (742.27) 10 day average for Nov 4 748.53 (746.07) COFFEE - Landon POY

gned on values.			Close	Previous	High/Low	
sales had the fe		M	240	047		
titutional selling.		Nov Jan	910 944	917 948	917 905	
•		Mar	960	961	948 834 951 950	
ompiled from Re	urtore	May	982	966	964 954	
ombiied itomi ne	201013	Jul	974	985	975 968	
4	/f and learne)	Sep	967	990	984	
AR - London FOX	(\$ per tonne)	<u> </u>				
Close Previous	High/Low			298) lots of		_
198.00 199.00	198.00 198.00				ents per po 3.98) 15 day :	
197,00	197.00	54.75 (5		ily an.00 (30	raci in cara	EVE
199.80	199.80					
Close Previous	High/Low	POTAT	0ES - L	endon FQ2	K	£/to
259.30 159.50	259.60 259.00		<u> </u>	Outside in	1-1-5-4	-
258.50 158.90 250.00 190.90	289.00 258.00 260.00		Close	Previous	High/Low	
264.50	264,10 264.00	Apr	58.9	59.7	59.0 58.0	
254.00 165.00	254.00 253.50	Turnow	- 104 ISS	) lots of 20	tonnon	_
over: Rew 48 (0) lots of	50 tonnes.	101110-4	30 10- Jus	7 NE 4 2	WHIES.	
: 497 (595) Paris- Whi	te (FFr per tonne):					
1382.64 Mar 1403,42		SOYAL	IEAL - S	ondon PO	×	£/to
DE OIL - IPE	\$/berrel		Close	Previous	High/Low	
Latest Previo		Dec	143.50			
18.16 19.50	19.26 19.03	Turnova	r û (301) i	ots of 20 to		
19.22 19.52 19.22 19.49	19.35 19.10 19.29 19.12	140040	()		Allies.	
19.16 19.43	19.20 19.05					
19.10 19.34	19.17 19.06	FREIGH	fT – Los	den POX	\$10/Ind	ex p
19.05 19.31	19.16 19.02		<del>-</del>			
19.13	19.13 18.98		Close	Previous	High/Low	_
ndex 19.57 19.48		Nav	1200	1195	1200 (196	
wer 35205 (24191)		Dec	1204	1198	1204 1200	
		Jan	1237	1230	1243 1233	
		Apr	1250	1243	1253 1248	
OFL - IPE	\$/tonne	BFI	1119	1114		
Close Previous	High/Low	Turnova	r 205 (98	1		_
181.75 186.00	163.25 160.75			•		
182.25 187.00	184,00 181,50			<u></u>		
182.25 187.00 183.25 188.00	184.00 181.50 185.00 182.75	GRAINS	S - Lond		_	£/tor
182.25 187.00 183.25 188.00 182.25 186.00	184.00 181.50 185.00 182.75 183.50 181.75		S - Lond	len FOX		£ñor
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75	184.00 181.50 185.00 182.75 183.50 181.75 179.25 177.75	GRAINS Wheek			High/Low	£/tor
182.25 187.00 183.25 188.00 182.25 186.00	184.00 181.50 185.00 182.75 183.50 181.75		S - Lond	len FOX		
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75 174.50 177.75	184,00 181,50 185,00 182,75 180,50 181,75 179,25 177,75 178,00 174,25	Wheat	S - Lond Close	len FOX	High/Low	40
182.25 187.00 183.25 188.00 182.25 188.00 178.00 181.75 174.50 177.75 172.50 174.00	184.90 181.50 185.00 182.75 183.50 181.75 179.25 177.75 178.00 174.25 172.75 172.00 173.25 173.00	Wheat	Close 128.50	en FOX Previous	High/Low 128.50 128.4	40
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75 174.50 177.75 172.50 174.00	184.90 181.50 185.00 182.75 183.50 181.75 179.25 177.75 178.00 174.25 172.75 172.00 173.25 173.00	Wheat Nov Jan Mar	Close 128.50 130.80	Previous	18gh/Low 128,50 128,- 130,90 130,5 133,75 133,5	40 50 50
182.25 187.00 183.25 188.00 182.25 188.00 178.00 181.75 174.50 177.75 172.50 174.00	184.90 181.50 185.00 182.75 183.50 181.75 179.25 177.75 178.00 174.25 172.75 172.00 173.25 173.00	Wheat Nov Jan	Close 128.50 130.80 133.70	Previous 131.30 134.15	18gh/Low 128.50 128, 130,90 130,9	40 50 50
182.25 187.00 183.25 188.00 182.25 188.00 178.00 181.75 174.50 177.75 172.50 174.00	184.90 181.50 185.00 182.75 183.50 181.75 179.25 177.75 178.00 174.25 172.75 172.00 173.25 173.00	Wheat Nov Jan Mar May	Close 128.50 130.80 133.70 138.40	Previous 131.30 134.15	High/Low 128.50 128, 130.90 130, 133.75 133, 136.50 135,	40 50 50
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75 174.50 177.75 172.50 174.00 173.00 lover 30922 (15551) lots	184.00 181.50 185.00 182.75 180.50 182.75 179.25 177.75 176.00 174.25 172.75 172.00 173.25 173.00	Wheat Nov Jan Mar May Nov Berley	Close 128.50 130.80 133.70 138.40 107.25 Close	Previous 131.30 134.15 136.25 Previous	18gh/Low 128.50 128, 130.90 130, 133.75 133, 136.50 136, 107.25 High/Low	40 50 50 30
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75 174.50 1774.00 173.00 over 30922 (15551) lots 170.00 total plant managing to strella, though there is n	184.00 181.50 185.00 182.75 185.50 181.75 179.25 177.75 178.00 174.25 172.75 172.00 173.25 173.00 of 100 tonnes	Winest Nov Jan Mar May Nov	Close 128.50 130.80 133.70 138.40 107.25	Previous 131.30 134.15 136.25	128.50 128, 130.90 130, 133.75 133, 136.50 136, 107.25	40 50 50 30
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75 174.50 177.75 172.50 174.00 173.00 over 30922 (15551) lots 173.00 173.00 over 30922 (15551) lots 173.00 173.00 174	184.00 181.50 185.00 182.75 183.50 181.75 179.25 177.75 178.00 174.25 172.75 172.00 173.25 173.00 of 100 tonnes	Wheat Nov Jan Mar May Nov Berley Jan	Close 128.50 130.80 133.70 138.40 107.25 Close	Previous 131.30 134.15 136.25 Previous 129.26	18gh/Low 128.50 128, 130.90 130, 133.75 133, 136.50 136, 107.25 High/Low	40 50 50 30
182.25 187.00 183.25 188.00 182.25 186.00 178.00 181.75 174.50 1774.00 173.00 over 30922 (15551) lots 170.00 total plant managing to strella, though there is n	184.00 181.90 185.00 182.75 185.00 182.75 176.92 177.75 176.00 174.25 172.75 172.00 173.25 173.00 of 100 tonnes	Wheat Nov Jan Mar May Nov Berley Jen Tumove	Close 128.50 130.80 133.70 138.40 107.25 Close 128.85	Previous 131.30 134.15 136.25 Previous 129.26	128.50 128.130,90 130.133.75 133.138.50 136.51 136.50 136.51 137.25 High/Low 129.20 126.6 Barriey 58 (10	40 50 50 30

PIGS - London FOX (Cash Settle

114.0

113.0

113.5 105.0

### WORLD COMMODITIES PRICES on metal excha m, 99.7% purity (5 per tonne 1150.5-1.5 1175-8

	_			
Leed (E per tonne)			to centrally but	nover 2,299 lot
		302-2,5 314.25-4.50	317-7.5	23,724 lots
Nickel (\$ per tonne)	•		Total daily turn	over 6,504 lob
		5880-5 5940-6	5925-30	32,169 lots
Tia (\$ per lonne)	-		Total daily turn	over 1,542 lob
		5835-40 5680-5	5868-75	9,725 lots
Zinc, Special High Grade (S per tonne)		ī	otal daily turno	wer 12,650 lot
Cash 1073-5 1070-2 3 months 1092-4 1069-90 1		1071,5-2.0 1090.5-1,0	1091-2	68,674 lots

LONDON BI (Prices supp			- child)		Ne	w Y	ork		
Gold (troy o					GOTE	100 tray	oz.; \$/tray c	<u> </u>	
	\$ price		equiv	BIEM		Close	Previous	High/Low	
Close	337.20-337.				Nov	337.1	337.5	D	0
Opening	337.25-337.				Dec	337.7	338.2	339.8	337.4
Morning flx	338.90		218.100		Jan	338.4	338.9	0	0
Afternoon for			218.008		Feb	339.1	339.8	341.0	338.0
Day's high	338.90-339. 338.90-337.				Apr	340.4	340.9	341.7	340.2
Day's low					Jun Aug	341 <u>.9</u> 843.5	342.4 344.0	343.2 344.7	342.2 343.9
Logo Ldin Mi	een Gold Le	nding i	Rates (1	/s US\$)	Oct	345.3	345.8	348.2	346.2
1 month	2.07	6 mor	-	2.26	Dec	347.2	347.7	348.0	347.3
2 months	210	12 mc		2.20		BBH4 40 :	roy az; \$/tro		
3 months	214		A-41 ID	200	FLAT	Close	Previous	High/Low	
Sliver fix	p/troy oz		18 cts	Neu liu					
		_		odm.	Jen	357.A	355.3	359.5	354.0
Spot	243.90	5	78.50		Apr	357.0	354,8	359.Q	354.0
3 months	248.25		82.65		Jul	356.7	354.5	362.0	362.0
6 months	251.90		85.00		0ct	358.7	366.5		0
12 months	259.16	2	93.05		SILVE	R 6,000 tr	oy oz, cent	Virdy OZ	
GOLD COM						Close	Previous	High/Law	
					Nov	381.7	377.2	0	0
	S price		£ equit	/Elent	Dec	384,7	378.2	386.0	376.5
Krugerrand	337.50-34	4.50	217.00	215.00	Jan	386.0	379.5	0	0
Maple leaf	347,40-34	1.65		E 10.00	Mer	388.5	382.0	390.0	383.0
New Soverel			51.00-6	3.00	May	391.3	384.8	391.5	380.0
		-			Jul	394,1	387.6	395.0	392.5
					Sep	396.8	390.3	397.5	386.0
YRADED OF	TIONS				Dec	401.4	394.9	403.5	401,0
Aluminium (9	9.7%) 0	alis		Puls	Jan	402.8	396.4	0	0
				<del></del>	Mar	406.7	400.2	0	0
Strike price :		Mar	Dec	Mar	HIGH	GRADE C	OPPER 25,0	00 Ros; cen	ts/ibs
1100 1200	64 6	95 32	8 77	8 44		Close	Previous	High/Low	
1900	š	8	137	117	Nov	98.65	<b>89.15</b>	99.30	98.60
					Dec	99.15	99.55	100.20	98 90
Copper (Grad	He A) C	alla	1	Uts	.Jan	99.55	100.05	100.10	99.65
2200	58	88	11	29	Feb	99.95	100.65	100.70	100.10
2300	10	38	89	77	Mar	100.35	100.80	101.35	100.20
2400 2400	3	12	152	150	ADr	100.75	101.25	0	0
CALON.		.2	-02	-00	May	101.15	101.70	102.20	101.10
					Jun	101.55	102.05	0	8
Coffee	Nav	Јел	Nav	Jen	Jul	101.95	102.45	102.75	101.80
800	395	344	2		Aug	102.20	102.80	0	Ð

de	ily turnove	r 2,299 lots		## 00	CC.00	50.10	-
	,		Jun	55.20 55.10	55.85 55.95	55.40 55.60	5 5
5	23,7	724 lots	Aug	55.75	58.55	0	ō
la	ity turnove	r 6,504 lots	Sep	57.10	57.70	57,25	5
10	32.1	189 lots	cocc	A 10 tone	es;\$/jonne	9	
	ily turnove			Close	Previous	High/Lov	,
_			Dec	935	949	951	8
3		25 lots	Mar	985	995	555	9
d	y burnover	12,650 lots	May	1018	1026	1028	7
			Jul	1047	1057	1054	t
!	68,6	74 lots	Sep	1074	1084	1083	1
			Dec	1105	1120	1115	1
_	# mo	nths: 1,6238	Mar	1144	1159	1150	1
			May Jui	1173 1203	1188	0	0
			Sep	1203	1218 1241	0	0
							0
, c	12.		COFF		,500lbs; ca		
3	High/Low		_	Close	Previous	High/Low	
	0	0	Dec Mar	67.15 69.25	67.80	68.05	6
	339.8 0	337.4 0	May	69.25 71.80	69.90 72.70	70.10 72.60	7
	341.0	338.0	Jul	73.20	74.25	74.00	ź
	341.7 343.2	340.2 342.2	Sep	74.70	75.70	75.75	74
	344.7	343.9	Dec	77.70	78.20	78.00	77
	346.2	346.2	Mar	78.75	80.15	80.50	8
_	348.Q Ny OZ.	347.3	SUGA	R WOALD	<b>-11-</b> 112,0	00 lbs; cer	49/1
•	High/Low	,		Close	Previous	High/Lov	_
_	359.5	354.0	Mer	8.82	8.94	8.89	8.
	359.Q	354.0	May	8.91	9.00	8.95	8.
	362.Q	362.0	Jul Oct	8.94 8.05	9.03 8.98	8.99 8.95	8.
_	<u></u> _		Mar	6.98	9.02	9.60	8. O
_	Virty OZ		COTT	DN 60 000	cents/lbs	<del></del>	<u> </u>
8	High/Law		-	Close	Previous	Utahil and	_
	0 386.0	0 376.5	Dec	54.51	54,93	High/Low 55.44	
	0	0	Mar	54.78	65.03	55.63	51 54
	390.0	383.0	May	65.80	55.41	56.10	54
	391.5 395.0	390.0 392.5	ألتال	54.35	56.10	56.70	55
	397.5	396.0	Oct	56.85	57.30	57.00	56
	403.5	401,0	Dec	<b>57.00</b> .	57.70	57.35	50
	0	0	Mer	67.86	58.18	0	0
	00 Ros; cen		ORAN		15,000 lbs;	cents/lbs	
<u>-</u>	High/Low			Close	Previous	High/Low	_
_	99.30		Nov	97.40	96.76	<b>97.90</b>	96
	100.20	99.90 98 90	Jan	95.50	95.20	95.80	85
	100.10	99,65	Mar	96.90 98.15	96.70 98.10	97.65 98.40	96 98
	100.70	100.10	May Jul	96.15	97.75	0	0
	101.35	100.20	Sep	98.15	96.10	Ŏ	Ö
	0	0	Nav	98.15	97.85	96.00	98
	102.20 0	101.10 A	Јап	98.15	97,85	99.00	97
	102.75	101.80	Mar	96.15	97,85	0	0
	18 galls \$/1	<u> </u>					
	High/Low	ren ren	IND	ICES			_
_	20,41	20.17			eso: Sopte	maber 18	198
	20.47	20.25	100)				_
	20.45	20.29	I	Nov 4	Nov 3	mnth ago	
	20,41	20.27	i	1658,1	1659.4	1576.5	16
	20.40 20.37	20.26 20.23	DOV	A TOMES	Base; Dec.	31 1974 ~	10
	20,01	20.23	. —	<del></del>			

Nov 3 Nov 2 mnth

Spot 114,96 114,40 113,5 Futures 116,83 118,46 114,9

58.00

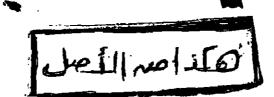
58.95 59.05 58.00 58.90 55.85

59.43

60.31 60.08

59.0

·			<del></del>		
US galls	Cł	nicag	10		
<u>,                                     </u>	SOY	ABEANS 5,	,000 bu min;	cents/601b b	ushol
57.65 58.70		Close	Previous	High/Low	,
58.90	Nov	551/2	554/8	553/0	548/2
57.80 55.70	Jan Mar	553/0 558/6	557/2 563/4	555/0 560/8	550/2 556/0
55.80	May	584/6	570/B	567/0	562/6
55.10	Jul Aug	571/0 572/0	576/0 578/0	573/0 574/6	568/4 571/2
55.00 0	Sep	571/0	576/4	573/0	571/0
57.10	Nov	576/6	582/2	578/4	575/0
	SOY	UBEAN OIL	. 60,000 lbs; (	cents/To	
		Close	Previous	High/Low	
B34 .	Dec Jan	19.73	19.64	19.84	19.46
184	Jan Mar	19.81 20.00	19.78 19.99	19.95 20.15	18.56 19.79
1018	May	20.19	20.20	20.30	20 05
1051 1075	Jul Aug	20.34 20.35	20.38 20.48	20.50 20.35	20.25 20.32
1105	Sep	20.40	20.50	20.40	20.40
148	Oct	20.50	20.50	<u> </u>	0
	50YA		AL 100 tons;	\$/ton	
	_	Close	Previous	High/Low	
	Dec Jan	179.5 180.2	183.0 183.1	151.8	179.1
	Mar	180.2	183.3	181.8 182.3	179.7 180.2
00	May Jul	181.6	184,0	183.0	181.5
o O	Aug	183.7 184.6	185.9 186.0	184.8 186.0	183.3 184.3
5	Sep	185.5	187.0	187.0	185.0
	Oct	186.0	188.5	186.0	186.0
	MAIZ		min; cents/5		
	P	Close	Previous	High/Low	
_	Dec Mar	207/6 217/6	211/0 221/0	210/0 219/6	207/4 217/4
	May Jul	225/0	228/2	227/0	224/4
	Sep	230/0 233/6	232/4 236/6	231/4 236/0	229/4 233/6
	Dec Mar	238/6 246/0	241/4	240/6	238/4
			248/4 min; conts/i	247/2	246/0
		Close	Previous	High/Low	
	Dec	356/0	359/6	384/0	354/0
	Mar	353/4	357/2	360/4	351/4
3 0	May Jul	339/2 316/4	341/0 317/2	343/6 319/0	338/0 315/2
	Sep Dec	321/6 331/6	321/6	0	0
			333/0 ,000 lbs; cen	0	0
	-44E	Close	Previous	ts/lbs High/Low	
_	Dec	73.725	73.325	73.825	73,325
_	Feb	71.550	71.350	71.825	71.350
_	Apr Jun	71.875 69.025	71.725 68.975	72.125	71.700
	Aug	58.000	65.000	69.200 68.200	68.900 68.000
	Oct Dec	68.450 68.725	68.450 69.000	68.450 68.800	65.400 68.725
			09.000 00 lb; cents/ii		90.723
		Close			
	Dec		Previous	High/Low	
	Feb	43.150 43.050	43.000 42.925	43.425 43.200	42.875 42.725
	Apr	40.875	40.775	40.900	40.550
-	Jun Jul	44.900 44.650	45.075 44.700	45.125 44.775	44,700 44,575
<u>-</u> [	Aug	43.475	43.600	43.600	43.350
- 1	Oct Dec	40.500 42.550	40.675 42.675	40.500 42.700	40.400 42.500
- 1			10,000 lbs; cs		72.QM
<u>-</u>					
		Close	Beaute		
		Close 47 800	Previous	High/Low	21 000
	Feb Mar	42.800 42.775	42.150 42.125	43.750 43.600	41,900 41,950
	Feb	42,800	42.150	43.750	41,900 41,950 43,375 44,000



Latest Previous

20.23 20.29 20.31 20.30 20.30 20.30 20.27 20.25 20.25 20.20

Jan Feb Mar Apr May Jun Jul Aug San

20.70 20.71 20.67 20.62 20.57 20.63 20.49 20.46 20.41 20.37

395 344 2 347 294 4 301 244 8

Dec Jan

68 34 22 23 46 83

Brent Crude

Dec Mar Des Mar

Dec Jan

### FINANCIAL TIMES THURSDAY NOVEMBER 5 1992

# LONDON STOCK EXCHANGE

# Shares ease on political uncertainty

By Terry Byland, UK Stock Market Editor

Mindry Street Miles

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THE LONDON stock market was slipping lower towards the close of yesterday's trading session as Mr John Major, the UK prime minister, opened the Maastricht debate in the House of Commons. The market's response to the Clinton success in the US presidential election was somewhat muted, and cooled further after Wall Street started its new session with a loss of 9 points on the Dow

Oil shares proved to be the first sector of the UK market to react sharply to the prospect of a Clinton presidency. Suggestions that the new president might impose stricter antipollution and environmental policies upset the oil majors, which are significant compo-nents of leading UK market

Other blue chip UK stocks took a cautious view of sugges-tions that a Clinton administration may increase taxation

of non-US companies. After falling by 11 points at first, the FT-SE Index rallied determinedly and succeeded in regaining the 2,700 mark early in the second half of the session. But Wall Street's uncertain opening and the focus on the Maastricht debate in the UK parliament took the heart out of investment interest. Shares began to drift down

However, the underlying mood remained firm. At least two buy programmes were identified in the market and traders believed that the market would have gained ground but for the political uncertain-

The latest surveys of political opinion confirmed only that the outcome of the Maas-

Volume Classing Day's 800's Price change

ties in the background.

again and by the close the tricht debate, on which the ers who had boosted the Lon-FT-SE was 13.9 off at 2,691.7. tricht debate, on which the ers who had boosted the Lon-immediate prospects for govimmediate prospects for gov-ernment policy must hang, remained highly uncertain. the Maastricht debate would make the future for its economic strategies even more

uncertain

TRADING VOLUME IN MAJOR STOCKS

ous sessions, trading volume was reduced yesterday. The City analysts left forecasting day's Seaq total of 506.7m to the political strategists yes- shares compared with 586.6m terday, but admitted that a on Tuesday, when retail, or defeat for the government in customer, business of £1.24bn maintained the improved levels of recent weeks.

فكذاصه النصل

Although investment activity was restrained by the politi-With no sign of the US buy- cal uncertainty, there were

signs of continued confidence that action to stimulate the UK economy will be taken soon. Housebuilding and contruction stocks outperformed the rest of the market in spite of the sluggishness in their respective markets.

Firmness in sterling helped to buttress hopes for early cuts in UK base rates but were offset by weakness in UK government bonds. Currency influenced stocks, waiting for US markets to make a more considered response to the election of President Clinton, traded a

mixed path. The lack of a definite trend left the market susceptible to corporate statements or to more speculative influences. BAT Industries shares were better after the company's trading announcement found a welcome reception in the mar-ket. But J. Sainsbury, the food supermarket group, declined after good profit figures were counterbalanced by reports of a stock overhang. Market indi-ces were restrained by profit-taking in ICI and Glaxo.

### Nov 26 Nov 27 Nov 23 Dec 7

### Sainsbury shares setback

SOLID interim results from J. Sainsbury failed to impress the market and the stock went into hurried retreat as analysts disagreed on the immediate outlook. Most agreed that the shares had enjoyed a good run ahead of yesterday's announcement and that some profit-taking had followed the results. However, talk that one agency broker was holding 8m shares was also put forward by some in the market for the reason which saw the shares tumble 18 to 487p. Turnover was a vol-

uble 6.5m.
There was also some dissent from the mostly positive response from analysts that sales from the British Airways promotion in Sainsbury's Together with the launch this week of a new price promotion by Tesco, this has sparked fears of a price war and overhung the sector. In addition, hectic activity in the options market last week - which saw the equivalent of 9m Sainsbury shares bought - was also thought to have undermined

### Securicor firm

the price.

Strong gains in the two classes of Securicor stock as well as associate Security Services shares led to a revival of suspicions in the market that BT

### **NEW HIGHS AND LOWS FOR 1992**

NEW HIGHS (83).
SRITISH FUNDS (3) Fd. Spc '93, Tr. Sl<sub>4</sub>po '94, Tr. 2pc it. '94, OTHER FUNDS SRITIST (1) Leeds 13 lpg '05, AMERICAMS (2) Ingersoll-Rand, Time Warner, SANUS (3) HSSC, HSSC (75) Sha), Lloyde, Bladerias SERVIS (1) Salveson, ELECTRONICS (1) Selectrocomps, FOOD MANUF (4) BSN, Nastle (81), Do (Rep), Uniterer, FOOD RETAILING (2) Darly Farm, Iceland, HOTELS & LEIS (1) Millers, BECC COMPOSTER (2) A EGON, (Br.) Do (Reg), Uniferer, POOD RETAB.NA (2) Dely Farm, Iceland, NOTES & LES 1) Milithest, MSCC COMPOSITE (3) ACSON, AND MISSES (1) Milithest, MSCC COMPOSITE (3) ACSON, AND MISSES (1) Milithest, MSCC COMPOSITE (3) ACSON, AND MISSES (1) MISSES (2) MISSES (2) MISSES (2) MISSES (3) MISSES (3) MISSES (2) MISSES (3) MISSES (3) MISSES (2) MISSES (3) MISSES (3) MISSES (3) MISSES (3) MISSES (3) MISSES (2) MISSES (3) MISSES (4) MISSES

TRANSPORT (1) Forth Pore, WATER (1)
Severn Trent.

HEW LOWS (28).
BUSINESS SERVE (2) SCOD PICKORT, Welpac.

(KISME (1) Hartone, CORTG & CONSTRCN

(3) Brandon Hire, EBC, Jurvis, ELECTRICALS

(3) Beales Humane, Burnseld, Kembrey,

ILECTRICANCS (1) Process Systems, ENG

(SM (4) Dobson Park, Fonner, Ficherdson
Wentgarth, Torday & Carliske, POOD MARNET

(2) Borthwicks, Deniele (3), BNY TRUSTS

(3) Archivoles Inc., Contra-Cyclical Inc.

Except Qual Inc., Do Zero PL, Gardnore

Scot. Inc., Colement Dev. Fd., MEDIA (1)

Fich., MTL & MTL, FORRISHO (2) Apollo

Maksis, Tyrasan, MisSG (3) Assoc. Brit.

Consultants, Excellent, Flogisk, MOTORS

1) Evan Haishay, GL, & GAE (2) Britton,

North See Amels, OTNER PRICL (3) Basic,

Do 7pp PL, Lightshipe, CR, STORES (2)

KILSON, Fired Earth Tiles, TECTR (2)

Brit. Mohair, Tomicingors, Mayers (3)

Driefontsin, Hartebeast, Weverlay.

could be considering buying out the minority in Cellnet held by Securicor/Security Services. The Securicor companies hold a 40 per cent stake in Cellnet, one of the two UK cellular phone networks, with BT hold-

eb Castrol

ing the remainder. There were hints in the market of determined buying interest in Securicor shares from top quality brokers. The buying was accompanied by stories that BT may be considering selling its 20 per cent stake in McCaw, the largest of the US cellular phone companies, to AT&T, the US telecoms group, for around £600m, taking a substantial loss on the

Despite considerable scepticism about the stories, Securicor ordinary shares raced up 18 to 868p, the "A" shares 19 to 562p and Security Services 18 to 468p. But they pointed out that turnover of Im was well in excess of normal levels of activity in Securicor "A". The latter have risen sharply from around 480p in mid-September. BT "old" were 31/4 off at 3761/4p on low turnover of 2.8m.

### Invergordon active

Buying activity in Invergordon led to inevitable specula-tion that Whyte & Mackay was returning to haunt the company it mounted an unsuccessful £350m bid for a year ago. The deadline forbidding Whyte's to return to the fray passed at the weekend and yes terday saw the first busy day's trading since then. However, while acknowledging Whyte's continuing interest – the US-owned drinks group still holds a 41.3 per cent stake in Invergordon – analysts countered that the Scottish whisky company has underperformed in recent months and that the stock looked good value. The

### Carlton slins

A spate of rumours conspired to prompt a fall in Carl-ton Communications. However, one securities house argued that the talk was spuri-ous and yesterday's slide of 16 to 700p presented a buying

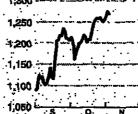
shares leapt 15 to 326p in turn-

opportunity.
Initially there was talk that the new US president's threat to increase taxes on overseas companies would hit Carlton, which has a big US exposure. There were also rumbles of critical articles in the specialist press, Then, Lehman Brothers told clients that even if a tax charge was levied it would have a minimal effect on Carlton's profits. No one discovered any foundation to the talk of bearish press stories.

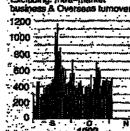
Wellcome recovered 25 to 1018p following recent gains by the two other big UK pharmaceutical companies with substantial US exposure, Glaxo and SmithKline Beecham.

The shares responded to a short squeeze and were helped by talk that the company's anti-epilepsy drug was about to be discussed by the US Food and Drug Administration. However, analysts said that an

### FT-A All-Share Index



**Equity Shares Traded** Turnover by volume (million)



pated for some time and the shares were really just catching up. SmithKline held steady at 540p in the 'A's but Glazo

slipped 13 to 822p. Reuters Holdings was a strong performer as Lehman handled sizeable buying orders in the US and the UK. The shares were squeezed up 41 before settling with the market to close 31 up at 1221p. In its latest media review Hoare Govett said the stock had 10 per cent underperformed over the past three weeks and looked attractive.

BAT Industries rose 8 to 914p on improved third quarter Some persistent selling pres-

sure from one of the integrated securities houses was behind the steep decline in Lloyds Abbey Life which retreated 16 to 367p, although dealers pointed out that turnover remained below 1m shares. The Clinton victory was

given a distinct thumbs down by the oil sector. The majors fell heavily, with BP down 3.9 per cent and Shell down 2.4 per cent, and many of the second line issues down over 3 per · cent

Mr John Toalster at Strauss Turnbull, the stockbroker, said Clinton's win: "will not be celebrated in oil industry boardrooms; there appears to be a soon join Kleinwort Benson in strong antipathy between the downgrading TI Group was strong antipathy between the

### industry and the new president." The analyst said there were concerns in the US of a possible increase in federal taxes on gasoline and the possible imposition of an import

tariff on crude oil. Strauss said sentiment amongst US investors could become negative and described BP as "massively overvalued with downside to around 170p." BP stock closed 9 off at 223p on 1992 6.1m traded after the group confirmed long-running mar-ket stories by announcing the sale of its 49 per cent stake in

the Olympic Dam copper/uranium/gold/silver project in south Australia for \$456m. Shell, a weak hold according to Strau and still weighed down by the negative stance adopted recently by County NatWest, lost 13 to 527p on 5.3m traded. The Lasmo presentation to analysts failed to sustain the share price which dipped 7 to 176p on heavy turnover of

The profits warning from which reacted by chopping the share price from an overnight 165p to 85p before a close of 87p, a net decline of 78.

Shares in Inchcape fell 16 to 491p, with sentiment hit by reports of profit downgradings, after a series of analysts' visits to the company. English China Clays gave up 7 to 423p after agency broker James Capel downgraded its current year profit estimates because of continued weakness in the European paper making industry.

Shares in Tomkins, currently locked in a bid battle with Hanson for food manufacturer RHM, eased a penny to 225p. The company has been doing the rounds of City institutions in an attempt to win support for the agreed offer and there was talk in some quarters that a number of institutions were as a result, less hostile to the bid. Shares in Hanson closed 2% ahead at 229p and RHM softened a half-penny to 262p.

Bid speculation surrounding APV gained further strength yesterday sending the shares climbing 9 to 98p, and turnover soaring to 5.8m. The attention once again centred on Siebe, which unsuccessfuly bid for APV in 1986, as the likely predator. Shares in Siebe edged a penny forward to 350p. Talk that other brokers may

### FINANCIAL TIMES EQUITY INDICES Nov 4 Nov 3 Nov 2 Oct 39 Oct 29 Ordinary where 1999.7 2007.2 1996.1 1963.8 1946.7 Ord. chr. yield 4.56 4.55 4.59 4.55 4.67 Earthing yill % hall 6.47 6.45 6.50 6.59 6.62 P/E ratio not 19.72 19.77 19.82 19.36 19.36 19.28 P/E ratio not 18.23 18.27 18.13 17.90 17.82 Gold Where 70.1 72.3 73.2 73.2 73.2 73.9 1948.7 1956.7 4.67 5.01 6.62 7.67 19.28 16.38 17.82 16.58 73.9 150.8 tor 1882 Ordinary share index since compilation high 2149.7 22/5/92 - low Gold Mines index since compilation high: 734.7 18/2/93 - low 43.5 29/10/71 Seels Ordinary share 1/1/35; Gold Mines 12/9/56.

Ordinary Share boorly changes Open 9.00 18.00 11.00 12.00 13.00 14.00 15.00 16.00 166 2004.8 2000.0 2005.4 2006.5 2010.4 2009.1 2009.1 2005.0 2001.7 2010.6 1995.0 Oct 30 Oct 29 Year ago Nov 4 Nov 3 Nov 2 20AQ Reguler Equity Tursever(Co)† Gusty Reguler† Shires Iraded (wi)† † Excluding Intra-mark 25,214 1082.4 28,827 457.0 27,885 1065.1 31,237 472.5 23,528 1267.1 26,049 489.6 27,816 902.58 27,533 448.2 29,139 1240,8 32,414 503,3

Leaden report and labest Stare ladex Tal. 0891 123001. Calls charged at 38p/minute cheap rate. 48p at all other times.

### **EQUITY FUTURES AND OPTIONS TRADING**

POLIFICAL worries ahead of last night's outcome of the vote on the Maastricht treaty led to cautious trading in stock index futures, writes Joel Kibazo.

Having opened at 2,740, the December contract on the FT-SE Index was soon driven lower by independent traders to 2,725 on the nervousness.

tutions choosing to stay on the sidelines, December traded sporadically in a tight range of 2,725 and 2,735 until the afternoon.

The poor opening on Wall Street, along with weakness in sterling, sent the contract falling to the day's low of 2,715. A period of sharp swings then ensued before December closed

close and some 17 points above its estimated fair value premium to cash of around 17 points. The futures once again traded at a healthy premium throughout the day, though volume was a poor 6,130 by the official close.

Asda was the most actively dealt stock option and saw turnover of 6,948 contracts. With many of the large insti- at 2,728, up 14 from Tuesday's That total included a single

trade in which one seller sold 1.000 contracts of the January 45 calls at 5p. This was fol-lowed by Trafalgar House with a total of 1,782 lots, and by ICI at 1,858 contracts.

The total number of option trades by the close reached 29,714, slightly ahead of Tuesday's figure, although yester-day's turnover of 6,586 lots in the FT-SE 100 option was poor. heard, leaving the shares a penny lighter at 307p. Smiths Industries and Rolls-Royce were however in demand. The former added 3 at 326p, while the latter also firmed 3 to 133p after good business of 6.3m

International drinks groups were weak in the face of worries over GATT and US taxation changes.

to 415p and Guinness 7 to 531p. However, Allied Lyons benefited from news that it was to sell one of its French vineyards, with a price tag in

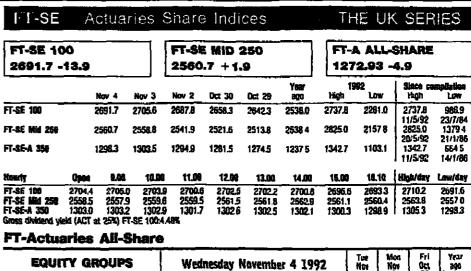
**MARKET REPORTERS:** 

Christopher Price,

excess of £100m.

Peter John, Joel Kibazo.

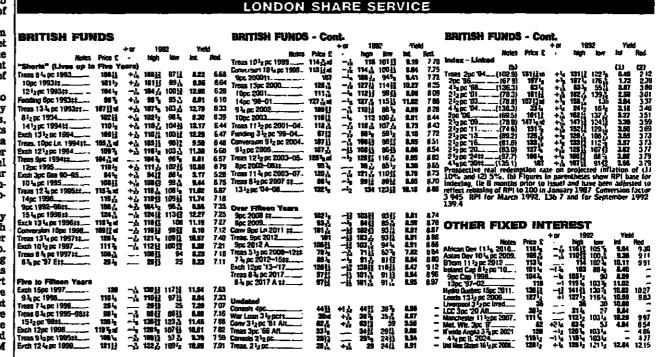
Grand Metropolitan shed 3



	& SUB-SECTIONS								_		
	& Sar-Sections	l .		Est	Gross	Est.				f I	ļ
FE	quires in parentheses show number of	Index .	Day's	Earnings Yield?	Div Yield%	P/E Ratio	nd add	Index	Index	îndex	Index
• • •	Stocks per section	No.	Change	(Max.)	(Act at	(Net)	12 date	No.	ND	Man.	Mo
	Stocks per section	1	W. W. T.	(10)	(25%)	INEU	S earle	140.	,,,,	····	, m.
╗	CAPITAL G000S (174)	776.95	+0.3	7.30	5.63	17.87	29 41	774 79	767.73	759 33	813 98
5	Building Materials (23)	769 7A	-0.5	6.80	7.10	20 61	35 72	773.58	771 57	755.94	981 51
3	Contracting Construction (26)	665 55	+0.7	2.98	7.48	299 54	36.38	661 17	650 95		1070 06
4	Contracting, Construction (26) Electricals (9)	2085.16	+02	7.98	7.22	16.57	108 10	2081 45	2065.47		2483 77
5	Clasterales (27)	2126 24	+1.2	7.70	4.01	16 35	49 15	2100 16			
6	Engineering-Aerospace (6)	291.09	+0.9	12 16	8.06	10.46	15.92	288.55	284 13	285 14	355 65
7	Engineering-Aerospace (6). Engineering-General (43). Metals and Metal Forming (7). Motors (15). Other industrials (18).	447.47	+0.2	8.84	5.24	14.46	16.03	446.53	440.55	438 09	488 15
8	Metals and Metal Forming (7)	273 01	-06	6.36	8 02	22.84	8 48	274 77	268.91	267 46	427 24
9	Motors (1.5)	319.73	+0.1	6 37	7.36	22.90	17 59	319 27	319 73	314 13	
10	Other industrials (18)	1798.64	+0.2	6.92	4,64	17.46	61.03	1795 59	1782 67	1763 81	1593 21
			-0.4	6.96	3 48	17.81	37 27		1663 63		1574 83
22	Brewers and Distillers (25)	1995.97	-0.2	8 32	3.70	14.49	41 53	1999 95	1975.56	1957.78	
25	Food Manufacturing (19)	1273.12	+0.5	8.30	4.18	14.97		1267.97		1271 45	
26	Food Retailing (18)	2850 80	-19	9.03	3 24	14.37	55.64	2907 39	2948 19	2926.04	
27		4403.02	-0.5	5.05	2.57	22.98				4318 83	
29	Hotels and Leisure (18)	1130.9/	-1.5	6.95	6.03	18 93 20 40	46 03 38 16			1136.11	
20	Media (27) Packaging, Paper & Printing (17) Stores (33)	1054 10	+0 6 +0 2	612	3.23 4.38	18.16	22 83		137 37	1612.44 732.99	763.73
31	Packaging, Paper & Printing (1/)	140.00	702	6.85 6.80	3 44	19.50		1059 55			
2	Tavillar (C)	1000 10	-05	6.86	4.44	18 34	21 09	694.85	691 53	693 03	644 04
án	Textiles (9)	1344 14	-0.3	9.29	5.03	13.47		1349 57			
41	Business Services (18)	1415 97	-09	6.25	3.60	19.61	30 70	1428 56		1404 29	1384 09
42	Chemicals (22)	1345 02	-1.0	6.88	5.40	1831		1358 14	1336.75		
43	Conglomerates (10)	1340 73	-0.9	8.60	8 20	14.89	40.93	1352 92		1332.22	
	Transport (1.3)	2558 72	-0.4	7.99	461	15.23	76 54			2488 16	
45	(Fleetricity (16)	11431 091	-0.2	14 51	5.13	8.88	55.01	1434 11	1405 74		
46	Telephone Networks(4)	1562.331	-0.1	9.67	4.23	13.48	46 15	1564 21	1545.62	1529.20	
47	Water(11)	3181.06	+0.2	14.09	5.46	7.85				3117 10	
48	I M ISCELLAMEDUS (22)	12307.131	+0.7	6.10	4 37	20.25	56 01	2290.69	2265 44	2248 81	1825 <u>64</u>
49	INDUSTRIAL GROUP (482)	1340.84	-02	7,79	4.36	16.10	37 01	1343 72	1333 74	1321.04	1276 79
51	Oil & Gas (18)	2100.21	-2.5	6.41	6.17	20.44	97.68	2153 41	2144.86	2130 21	2385 45
59	500 SHARE INDEX (500)	1412.31	-0.5	7 64	4 54	16 46	41.76	1418 71	1408 69	1395 68	1372 24
61	FINANCIAL GROUP (81)	836.94		-	5.25		31.19	_		821 28	761 90
62	Banks (9)	1163.89	+0.3	4.45	4.78	33 73	40 52		1159.50		875 08
65	Insurance (Life) (6)	1619.221	-1.2		5.61		68.18	1639.05		1634 06	1464 01
66	Insurance (Composite) (7)	588.27	+0.5	-	5.12	-	22 58	585.46		589.02	566 59
67	Insurance (Composite) (7) Insurance (Brokers) (10)	783.95	-1.3	9.13	7.17	14.39	42 23	794.50	785 94	786 49	
68	Merchant Banks (7)	484.70	+0.4	-	4.62	- 1	13.71	482.82	481.05	476 74	482.95
69	Property (30)	600.94	-0.4	9.34	7.02	14 06	24.94	603 48	593.77	588 %	896,86
70	Other Financial (14)	261 85	<u>+0 1</u>	7.61	6.37	17.25	9.58	261 46	258.67	256 62	250 67
71	Investment Trusts (70)	1234 38	-0.3		3 64	-	29.43	1238.28		1218.02	
99	ALL-SHARE INDEX (653)	1272.93	-0.4	-	4.62	- 1	39.72	1277 83	1269.55	1256 67	1226.00
_											

FT-\$E	Act	uaries	350	Ind	ustry	Basi	cets				Previous	
Hourty	Орец	9.80	10.00	11.89	12.80	13.60	14.60	15.00	16.10	Close	close	change
Constret	1321.4	1322.0	1326.9	1328.5	1331.3	1330.9	1333.8	1334.1	1335.8	1335.8	1330.0	+5.8
Health & H	1337.2	1342.5	1344.6	1341.2	13442	1344.0	1338.4	1336.5	1335.6	1333.8	1339.9	-6.1
dater	1310.9	1310.9	1309.9	1310.2	1309.6	1312.7	1316.9	1315.8	1315.3	1315.3	1313.3	-90
lants	1420.7	14186	1417.9	1416.7	1421.0	1423.5	1419.2	1417.0	1414.4	1414,7	1410.1	+ 4.6

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**IIII** FUTURES PAGER **I**I

# ARGYLL

**Argyll Group PLC** (the "Company")

£60,000,000 41/2% Convertible Bonds Due 2002 (the "Bonds") Exercise of Conversion Rights by The Trustee

This Notice is addressed to holders of Bonds which were not presented for edemption on 21st October, 1992 ("Unpresented Bonds"). The Law Debenture Trust Corporation p.l.c. as Trustee for the holders of the Bonds (the "Bondholders") has exercised its right pursuant to Clause 5(G) of the Trust Deed dated 14th October, 1987, to convert any Unpresented Bonds into Ordinary Shares of the Company and to sell these resulting Ordinary Shares. The net proceeds of such sale, annuanting in aggregate to £27,550.74 will be paid rateably to the holders of Unpresented Bands in accordance with Condition 6 of the Bands and nst surrender of the Unpresented Bonds at the specified office of any of

the Paying Agents listed below. Bonds should be surrendered together with relevant unmatured Caupons. If any Unpresented Bond is surrendered without all immatured Comparis an amount equal to the face value of any missing unmarated Coursen will deducted from the sum due for payment. Any amount so deducted will re paid in the manner provided in Condition 6 against surrender of the relevant missing Coursen at any time not later than five years after the dare on which it first became due for payment. Unpresented Bonds will because sold unless presented for payment within the period of 10 years from 21st October, 1992.

Principal Paying Agent

Bankers Trust Company I. Appold Street. London EC2A 2HE Paying Agents

Credit Suisse 8001 Zurich

39. Allée Schaeffer L-2520 Luxembaurg

Bankers Trust Company, London 5th Niwember, 1992

Agent Bank

Banque Industrez Luxembaurg

28 LONDON SHARE SERVICE	FINANCIAL TIMES THURSDAY NOVEMBER 5 1992
Notes   Hote	279
Design   17	Signature   Sign
Variety   Vari	### ANCE BROKERS  ### Ance Bro
Visignetal Cil.   124   131   123   135   4489   131   123   131	1
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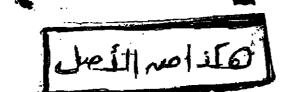
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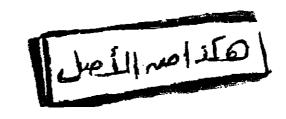
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A	INVESTMENT TRUSTS - Cont. MEDIA - Cont. OIL & GAS - Cont. PACKAGING, PAPER & PRINTING - Cont. STORES - Cont. MINES - Cont.
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# FT MANAGED FUNDS SERVICE \* Current Unit Trust prices are available from FT Cityline. For further details call ( 07) ) 925 2128.

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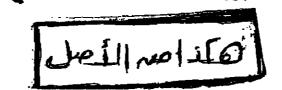


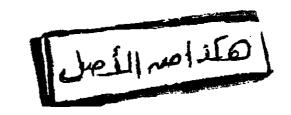
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FT MANAGED FUNDS SERVICE \* Current Unit Trust prices

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\$10,000\* | 16 50 Midland Bank pic P6 Box 2 Shrived Extreor for 1500\* | 16 25 119 000\* | 17 50 125,000\* | 18 50 1250 000\* | 17 50 1250 000\* | 17 50

### CURRENCIES, MONEY AND CAPITAL MARKETS

LIFFE LONG GILT FUTURES OPTIONS \$30,000 64th of 106%

FINANCIAL FUTURES AND OPTIONS

### **FOREIGN EXCHANGES**

### Dollar trades in tight ranges

THE DOLLAR traded in tight ranges against the D-Mark yes-terday, in spite of the political euphoria that followed Mr Bill Clinton's election as President of the US. writes James Blitz.

In recent weeks, the prospect of Mr Clinton's election has been viewed by dealers as "dollar positive". The market believes that his promise to increase government spending will probably be accompanied by a rise in US short-term interest rates - a repetition, as some analysts see it, of the economic policies associated with the early Reagan years.

However, a Clinton victory had already been priced into the market, and the dollar had little upward momentum to gain from the victory declara-tion itself. Many dealers are betting on a sharp upturn in the dollar continuing into the new year. But they are unsure about the exact timing because the incumbent does not take

office until January. A sharp dollar rise might accompany earlier than anticipated announcements of Mr Clinton's administration, the framework of his economic policy and his attitude on the exchange rate.

In the absence of developments the dollar only managed

£ IN NEW YORK							
Nov.4	Close	Previous Close					
E Spot 1 month 3 months	1.5440-1.5450 0.64-0.62pm 1.48-1.45pm 3.95-3.85pm	1.5510 1.5520 0.63 0.62pm 1.46 1.43pm 3.85 3.75pm					
Forward premises and discounts apply to the US dollar							

### STEDLING INDEX

915			
		Nov.4	Previous
8.30 am 9.00 am		78 6 78 5	78.0 78.0
10.00 am		78.8	78.3
11.00 am Noor		78.7 78.7	78.2 78.0
1.00 pm		78.7	[ 78.1
2.00 pm 3.00 pm		78.6 78.5	78.2 78.3
400 pm		78 6	78.4
Nov 4	Bank #	Special * Organing	Corresco
	Bank # Igte %	Örguring Rights	Carrency Unit
Sterling U.S Dollar	100	Orawing Rights 0.905316 1.39464	O.809156 1.26066
Sterling	100	Oraning Rights 0.90531b 1.39464 1.73159	O.809156 1.26066 1.56877
Sterling J. S. Dollar Canadian S Rostrian Sch Beiglan Franc _	3.00 6.30 8.25 7.75	Oraning Rights 0.90531b 1.39464 1.73159 15.3829 45 1480	0.809156 1.26066 1.56877 13.8560 40.5020
Sterling J S Dollar	3.00 6.30 8.25	Oraning Rights 0.905316 1.39464 1.73159 15.3829	0.809156 1.26066 1.56877 13.8560

101, 7.41112 14.00 1872.18 3.25 R/A - 8.3685 - 155.872 50.0 8.2644 6.00 1.95040 19 R/A - N/A 6.66450 1680.28 154.620 8.01278 140.185 7.40892 1.75863 255.398 0.745735

CURRENCY MOVEMENTS							
Not 4	Bank of England Index	Morgan <sup>ac</sup> Gearanty Granges %					
Sterling U.S Dollar Caracties Dollar Austrias Schilling Belgian Frais Danish Krose D-Blant Swiss Franc Outch Gelider French Franc Ura Yen Pessia	78.6 64.3 96.1 115.3 114.9 122.7 118.7 108.7 89.5 150.1	-31.7 -14.9 -5.5 +14.9 +11.3 +29.9 +21.0 +20.1 -27.6 +87.7 -24.9					



**MONEY MARKETS** 

In the sterling money market, dealers seemed to assume that Mr John Major would win last night's vote in the House

of Commons, calling for the

government to embrace European economic and monetary

The prospect of the UK government losing was simply not priced into trading. Dealers

UK clearing bank base leading rate

writes James Blitz.

to rise to a high of DM1.5743 in Europe yesterday, before retreating to a low of DM1.5555. at L852.6 per D-Mark, helped by the fact that two-thirds of the government's emergency pack-It finished in London at DM1.5675, up about ½ pfennig on the day. In New York it ended at DM1.5690.

Nevertheless, the dollar is now some 12 per cent above the historic low reached on September 2, and the effect of this is being felt in the European markets. As more investors sell dollars for D-Marks, the German currency appears to be weakening on the cross rates.

franc rose 30 centimes to a close of FFr3.3830 against the rency economist at UBS Phillips & Drew in London, a new upward momentum. The terday that more interest rate cuts are about to come.

government's emergency package has now been ratified by parliament. There is growing confidence that the lira could re-enter the exchange rate mechanism before the new Sterling has also benefited

from the dollar's strength in recent days, rising 1% pfennigs yesterday to a DM2.4350 close in London. However, the shortterm outlook for the UK currency depended on the results of last night's vote in the In recent days, for example, both the French franc and the Italian lira have shown signs of to endorse European economic

and monetary union. Mr Avinash Persaud, a cur-Monday's cuts in official interest rates and a promise from the French prime minister yesevent. The UK's economic weakness and the cuts in interest rates would continue to The lira also closed higher, weaken sterling.

EMS EUROPEAN CURRENCY UNIT RATES								
	Ece Central Rates	Currency Amounts Against, Eco Mor 4	% Cronge from Central Rate	% Spread vs Weakest Carrency	Dhergesce Indicator			
Belgias Frant: Dutch Golider  O-Mark Danish Krose French Franc Irish Park Portugase Escado Spanish Peteta	41 9547 2 29193 2 03412 7 7 75901 6 82216 0 759300 176 844 139 176	40.5020 2.21511 1.96916 7.55768 6.66450 0.745735 175.396 140.185	-3.46 -3.35 -3.19 -2.31 -2.31 -2.79 -0.82 0.72	4.34 4.22 4.05 3.41 3.11 2.56 1.56 0.00	44 44 6 -8 37 -34			

an Computation. Currentles are in descending relative strength. Percentage changes neutra a weak currency. Divergence shows the ractio between two spreads be actual market and Eco central rates for a currency, and the maximum permitted c)'s parket rate from the Eco contral rate. speciate from Edili. Adjustment calculated by Financial Times.

POU	ND SPOT	- FORWA	D AGAIN	IST	THE POU	ND				
Hav 4	Day's Spread	Close	das month	% pa	Tjiree angesths	% 92				
US Carada Kether tands . Belgium Deumerk . Ireland . Germany . Spain . Italy . France . Japan . Japan . Austria . Spriterland . Eca .	1.5450 - 1.5615 1.9135 - 1.9490 2.7275 - 2.7430 49.50 - 50.50 9.2830 - 9.4320 0.9115 - 0.9250 0.9115 - 0.9250 0.9115 - 0.9250 0.9115 - 0.9250 0.9250 - 7.9530 9.8270 - 9.9530 9.8270 - 8.2525 9.9900 - 9.2450 19.000 - 19.125 16.95 - 17.28 2.1655 - 2.1800	9.9225 - 9.9325 8.2325 - 8.2425 9.1575 - 9.1675 190.25 - 191.25 17.14 - 17.17 21700 - 21800 1.2390 - 1.2400	0.63-0.alcpm 0.22-0.30cm 3-6cm 2.15-4.59cedis 0.60-0.70cm 260-3.0cm 260-3.0cm 260-3.0cm 260-3.0cm 1.16-1.3.50cm 0.49-2.70cm 1.1-1.30cm 0.49-2.47cm 0.49-0.47cm 0.49-0.45cm 0.39-0.25cm 0.38-0.25cm 0.26-0.32cm	4.79 0.78 -1.10 -1.08 -1.52 -1.52 -1.52 -1.73 -1.73 -1.73 -1.68 -1.68 -1.68 -1.68 -1.68	1.52-1.49pm 0.78-1.100s 1.78-0.55pm 1.78-0.55pm 1.72-0.56p 1.72-0.56ps 1.72-0.56ps 1.73-0.56ps 1.73-0.56ps 1.73-0.56ps 1.73-0.56ps 1.73-1.73pm 4.7-75ps 4.7-75ps 1.73-1.73pm 4.7-75ps 0.61-0.48ppm 0.93-1.02lb	188 -139 -130 -130 -140 -140 -140 -140 -140 -140 -140 -14				
3.90-3.80pm	Commercial rates takes towards the end of London trading. Sis-mosth forward dollar 2.39-2.34pms. 12 North 3.90-3.80pm  DOLLAR SPOT - FORWARD AGAINST THE DOLLAR									
Nov 4	Day's spread	Clase	Que mosti	P.1	Three Houths	% P.a.				
UK†	15450 - 15615 16785 - 16975 12405 - 12470 17445 - 17690 3200 - 3230 5.9750 - 6.0305 1.5565 - 1.5740 139.35 - 140.05	1.5525 - 1.5536 1.6825 - 1.6835 1.2460 - 1.2470 1.7635 - 1.7648 32.15 - 32.25 6.0100 - 6.0150 1.5670 - 1.5680 1.39.75 - 140.05	0.63-0.61cpm 1.75-1.63cpm 0.37-0.47csts 0.86-0.69ctis 15.20-16.20csts 3.85-5.35creds 0.78-0.60cfds 220-245cds	12 12 13 13 13 13 13 13 13 13 13 13 13 13 13	1.52-1.49pm 4.73-4.35pm 0.73-0.85dls 2.31-2.43dls 41.00-44.0dls 10.50-13.50dls 2.19-2.22dls 560-610dls	3.88 10.81 -2.54 -5.37 -5.28 -7.98 -5.63 -16.71				

Austria 10,970 Switzerland . 1,386	0 - 1.4055 5 - 1.2635	122.75 - 122. 10.9700 - 10.9 1.4000 - 1.40 1.2525 - 1.25 e end of Londor aply to the US o	750 4.90-5.3 10 0.35-0 35 0.80-0	2. <b>58</b> cdls   -3.1 1.77cpm   7.5	8 13.60 14 3 0.99-1 2 2.15-2	.70ds -5.16 .04ds -2.90 10pm 6.78
E	JRO-CL	JRRENC	Y INT	EREST	RATES	
Nov 4	Stort Lerm	7 Days police	Qme Mostis	Three Months	Six Martis	One Year
Sterling US Oxilar Can, Dollar Dutch Gelider Syrts Fram D-Mark Freech Franc Lallar Liba Belgian Franc Yeu Danish Kruse Kalin Söng Spanish Pesta Lang term Eurodollar ydars 6 %-6 å per ceal	84 - 8 34 - 84 9 - 87 64 - 6 94 - 9 94 - 9 94 - 9 15 - 13 95 - 94 12 - 11 12 - 12 13 - 12 15 - 12 15 - 12 15 - 15 15 - 15	84 - 8 33 - 34 74 - 74 9 - 85 6 - 54 94 - 94 14 - 14 13 - 12 13 - 12 13 - 12 13 - 12 15 per cent;	73 - 74 34 - 34 64 - 64 91 - 62 91 - 62 92 - 62 93 - 93 15 - 144 13 - 22 13 - 14 13 - 14 13 - 14 13 - 15 13 - 15 15 - 15 16 - 15 17 - 15 18 - 15 18 - 15 18 - 15 18 - 15 18 - 15 19	73 - 73 34 - 35 54 - 54 54 - 64 63 - 38 124 - 124 134 - 135 134 - 135 56 per cent; f	64 64 34 34 34 34 34 34 34 34 34 34 34 34 34	612 - 623 314 - 324 715 - 754 6 - 75

Shanda L								24.0			<u> </u>	- 254
Long ters rears 6;}-	Euroda -6 ji per	osk pon	o years 4 Jupal, Sha	1,-45, թ rt Lenair	er cent;	three year call for U	5 54-5 S Dallu	å per cen s and Jap	t; four your season Yes	sus 512-5 Cothers,	i∯ pero two days	est; fix ' notic
			EXC	AH	NGE	CR	0\$\$	RAT	E\$			
Nev.4	£	5	DM	Yes	F.Fr.	S Fr.	Ħ FI.	Ura	Œ	B Fr.	Pta.	Ecu
Ţ.	D.644	1.553	2.435 1.568	190.6 122.9	8.238 5.305	2.175 1.401	2,740 1,764		1932 1,244	50.00 32.20	173.3	1.24 0.79
D#1	0.411	0.638	1200	78.36	3383	0.893	1 125		0.793	纷纷	搅	0.50
YEH	5 241	8.139	12.76	1000.	43.18	11.40	14.36	10881	10.13	262.1	908.3	6.49
F Fr.	1.214	1.885	1956	231.6	10.	2.640	3,326	2520	2,345	60.69	218.4	1.50
SA.	0.460	0.714	1.120	87.72	3.788	1	1,260		0.888	22.99	79.68	0.57
N FL	0.365	0.567	0.889	69.64	3.007	0.794	- 1	757.7	0,705	18.25	63.25	0.45
Ura	0.482	0.748	1.173	91.91	3.968	1.048	1,320		0.931	24.08	83.48	0.59
_Cs	0.528	0,804	1.260	98.76	4.264	1.126	1.418		<u>.1</u>	25.88	89.70	0.64
BFr.	2.000	3.106	4,670	<b>381.6</b>	16.48	4.350	5.490		3.864	100.	346.6	249
<u>P</u> ta	0.577	0.8%	1,405	130.1	4.754	1.255	1.581		1.115	28.85	100.	0.71
Eor	0.806	1252	1,964	153.9	6.644	1.754	2210	1674	_1.558	40.32	139.8	L
(exper 1	,000: Fi	resch Fr.	per 10:	Ura per	1,000:	Belglas I	1. pt 1	DÛ Pesel	a per 10	<b>6</b> .		

97 3-30 3-61 0-68 1-15 98 2-33 3-19 0-16 1-37 99 1-33 2-45 0-31 1-63 100 1-11 2-12 0-53 2-30 101 0-45 1-47 1-23 3-01 102 0-34 1-23 2-52 3-41 103 0-12 1-03 2-54 4-1 104 0-05 0-51 3-47 5-05	99 3-27 3-14 0-05 1-08 100 2-33 2-39 0-11 1-35 100 1-46 2-44 0-24 1-42 102 1-04 1-39 0-46 2-33 103 1-04 1-35 1-15 1-15 3-09 104 0-18 0-59 1-40 3-53 105 0-08 0-3 2-50 105 0-08 0-3 2-50 3-46 5-25	8850 1.85 2.38 8 0.33 9000 1.37 1.96 0.02 0.21 9050 0.91 1.57 0.06 0.32 9100 0.51 1.22 0.16 0.47 9150 0.22 0.92 0.37 0.67 9200 0.09 0.70 0.74 0.95 9250 0.03 0.70 0.74 0.95 9300 0.01 0.25 1.66 1.66
Estimated reference total, Calls 46.06 Pars, 1594 Previous day's open ret. Calls 57440 Pars 69050  LIFFE EUROBIARIS OPTENES	Estimates volume total, Calls 110 Pars 200 Previous day's open int. Calls 1225 Pars 1415  LIFFE TALIAN GRAT. BOND GRATP FUTURES	Estimated volume total, Cath 5334 Pass 5172 Previous day's open let, Cath 162458 Pats 129484 LIFFE SHORT STERLING OFTENS
Strike Calls-settlements Parts-settlements	OPTIONS Life 200m 100ths of 100%.	1509,000 points of 198%,
Price Det Mar 96: Mar	Strike Cally-articlements Price Dec May Dec Stay 9150 2 11 3.25 0 25 1.04 9200 1 71 3.03 0 33 1.22 9250 1 35 2 72 0 47 1 41 9300 1.02 2.44 0 64 1.63 9350 0 74 2.17 0 36 1.86 9400 0 50 1.72 1 12 2.11 9450 0.34 1 70 1.46 2 39 9400 0 50 1.72 1 12 2.15 9450 0.34 1 70 1.46 2 39 ESUBACIEN where total Calls 19010 Purs 11512 CHICAGO	Strike Calls-retiements Pars-retilements Prize Dec Mar 1925 1.02 1.59 0.06 0.11 9250 1.02 1.59 0.06 0.11 9250 0.80 1.37 0.59 0.14 0.18 9325 0.43 0.97 0.12 0.24 0.25 0.27 0.78 0.33 0.30 9375 0.19 0.62 0.47 0.56 0.49 0.37 0.30 0.49 0.50 0.12 0.47 0.56 0.49 0.49 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.5
SFR Im paints of 190%	U.S. TREASURY BORDS (CBT) 8% \$180,000 32mb of 100%	JAPANÉSE YEN (ENGL) Y12.5m 5 per Y100
Strike Calls-settlements Past-settlements Price Dec Marr Dec Mar 1950 0.38 0.96 0.12 0.11 9375 0.22 0.77 0.21 0.17 9400 0.12 0.59 0.36 0.24 Estimated volume total, Calls 125 Pats 225 Previous day's open int. Calls 1410 Pats 1850	Oct   High   Law   Pref   Graph   Grap	Close High Law Press   Dec 08113 08150 08103 08105
LONDON (LIFFE)	Jun 95-14 95-21 95-14 95-26 Sep 94-16 94-16 94-22 Dec 93-21 93-21 - 94-01	DELITSCHE MARK (DANS) GM125,088 S per DM
9%, NOTIONAL REITISH GILT *  150,000 32ads of 180	U.S. TREASURY BILLS (IMB) Sim points of 100%	Geor High Low Prev Dec 0.6301 0.6397 0.6300 0.633 Mar 0.6244 0.6313 0.6223 0.625 Jan 0.6163 - 0.615 Sep 0.6118 - 0.615
Estemated volume 16893 (2521.3) Previous day's open (at. 54101 (53826)	Close High Low Prev Dec 96.89 96.93 96.88 96.89 Mar 96.79 96.85 96.77 96.79	THREE-MONTH EUROSOLLAR COMO Sim points of 190%
US TREASURY BUNDS 8% * \$100,000 32mb of 100%	Jun 96.41 96.47 96.12 96.40 Sep 95.97 96.05 95.97 95.96	Clase High Law Pres
Close High Low Prev. Dec 162-11 103-14 102-09 102-30 Mar 101-03 101-22 Estimated volume 328 Cl440	RECTESH POURD CHINO So per E Close High Low Pres	Dec 95.34 96.00 96.32 96.33 Mar 95.97 96.05 96.34 96.31 Jun 95.91 96.01 95.88 95.09 Sep 95.44 95.35 95.41 95.07 Dec 94.76 94.87 94.74 94.76
Previous day's open lot. 1373 (1360) 6% MOTEURAL GERMAN GOVT. BOND * BMC250,899 180ths of 108%	Oote High Low Prev 1520 15546 15246 1502 Mar 15208 15430 15130 15214 Jun 15114 15310 15080 15222	Dec 94.76 94.87 94.74 94.76 Mar 94.51 94.52 94.50 94.51 Lum 94.12 94.24 94.11 94.15 Sep 93.81 93.93 93.78 93.83 STANBARO & POORS 540 DIDEX
Cose High Low Pres.  Dec 91.35 91.48 91.23 91.44  Mar 91.75 91.83 91.64 91.85	SWISS FRANC (IMA) SFr 125,000 S are SFr	SS60 times lades
Extinuted volume 46671 (29044) Previous day's open Int. 156266 (157851) 6% NOTERNAL LEGIS TERM JAPANESE GOVT.	Close High Low Prev Dec 0.7074 0.7199 0.7080 0.7120 Mar 0.7022 0.7130 0.7020 0.7072 Jan 0.6987 - 0.7033	Close         High         Low         Prev.           Dec         416.20         420.90         416.10         419.85           Mar         416.65         421.25         416.40         420.30           Jan         417.15         421.70         417.30         420.40           Sep         417.80         422.00         417.40         421.45
BBND Y180m 100ths of 180%   Class Wigh Law   Dec 107.60 107.70 107.58	•	
Mar 106.97 Estimated volume 725 (253) Traded exclusively on APT	PHILADELPHIA SE E/S OPTIONS 531,250 (costs per £1)	
12% HOTSUHAL ITALIAN GOYT. BOND (8TP) ** LIBA 200m 1605m of 100%	Strike Calls	Parts
Dec 93.38 94.20 93.28 93.66 Mar 93.81 94.20 93.91 94.08 Estimated volume 8067 (1.0566) Previous stay's open int. 24066 (24099)	1.550 - 2.29 2.99 1.550 - 1.46 2.16 1.600 - 0.87 1.48 2 1.625 - 0.49 0.98 1. 1.650 - 0.25 0.62 1 1.675 - 0.14 0.37 0.	5 - 14.35 15.05 16.16
THREE MONTH STERLING * £500,000 points of 100%	1700 - 0.05 0.26 0. Previous day's open int: Calls 565,978 Puts 599,190 (4	Ut currencies)
Dec 93 46 93.64 93.37 93.59 Nar 93.96 94.11 93.91 94.07 Jun 93.96 94.05 93.86 94.00	Previous day's volume: Cally 40,171 Pers 24,639 (All PARIS	
Sep	7 to 10 YEAR 18% NOTIONAL FRENCH BOND QUATTE.  Open Sett price Classe	FUTURES High Low 1 Yaeki 1 Open last.
Mar 93.21 93.28 93.20 93.27 Est. Vol. Onc. Figs. net showed 36805 (38025) Previous day's open Int. 240288 (236475)	Decimber 110.66 110.84 +0.24 March 111.44 111.64 +0.24 June 111.58 111.78 +0.24	110 66 110 54 8.38 190,148 111.64 111.36 8.27 52,099 111.72 111.50 8.25 10,938
THREE MONTH EUROGOLIAR * Sim points of 160%	Esilmated volume 115,840 r Total Open Interest 253,180 THREE-MONTH PIBOR FUTURES OMATIF) (Paris Interes	
Close High Low Prev. Dec 96.35 96.41 96.35 96.47 Mar 96.36 96.46 96.36 96.41 Jan 95.91 96.02 95.91 95.94 Sep 95.46 95.56 95.45 Est. Vol. Close. Res. and chosen 3472 (1879)	December 90.85 90.80 -0.01 March 91.88 91.88 +0.06 June 92.36 92.36 +0.07 September 92.52 92.50 +0.03 Estimated volume 22,182 † Total Open Interest 135,777	90.85 90.75 9.19 43,327 91.88 91.81 8.18 46,005 92.36 92.28 7.71 22,998 92.52 92.46 7.53 12,719
Province day's open int. 25603 (25582)	CAC AN ENTITIONS MATTER Start larger	

### BASE LENDING RATES

DAGE EENDING NATES					
	8	-	%		
dam & Company	8	Ciedit Lyonaais	8	McDoanell Douglas B	
#led Trest Bank	8	Crornes Popudar Bl:		Midland Rank	
IB Bask	8	Dencae Laurrie		Mount Banking	
eary Austracter	8	Egsatorial Sank plc	Š.	Kat Westminster	
& C Merchant Bank	13	Exeter Bank Limited	ã5	Northern Bank Lid	
ank of Baroda	8	Financial & Gen. Bank	8	Nybredit Martgage B	
anco Birbao Vizcaya	8	■ Robert Fleming & Co	Š	Rez Brothers	
ant of Coons	8	Girobank	Ř	Roctourgle Bank Ltd.	
ant of tretaind	8	O Soloness Mahen	B	Royal Bk of Scotland	
ank of India	8	Habib Bank AG Zurich	8	● Smith & Williams Sec	
ank of Scotland	8	Hambros Bank	8	Standard Chartered	
amque Belge Lité	8	Hampshire Trast Pic	125	T\$B	
arcians Bank	8	Heritable & Ges lay Bak.	8	Veibank pic	
att Elx of Mid East	8	HIM Sampel	Ř	O United Bk of Komait.	
cown Shipley	Ř	C. Hoare & Co	ğ	Unity Trust Bank Pic.	
L Bask Nederland	Š	Honoteong & Stanghai	Š	Western Trast	
itibank NA	8	Juffan Hodge Bank	ă	Whiteevay Laidlay	
ity Merchants Bank	8	● Leopold Joseph & Sons	Š	Yorkshire Bank	
rdesdate Bank	ă	Lloyds Bank	8	<ul> <li>Members of British</li> </ul>	

Adam & Company	8	C'edit Lyonaais
Allled Trest Bank	8	Cyones Popular Bk
Al B Bask	8	Desocae Laurrie
<ul><li>Henry Austractur</li></ul>	8	Eesatorial Bank pk:
B & C Merchant Bank	13	Exeter Bank Limited
Bank of Baroda	8	Financial & Gen. Bank
Banco Bifbao Vizcaya	8	● Robert Fleming & Co
Bank of Opprus	8	Girobank
Bank of Ireland	8	● Soloness Mahen
· Bank of India	ā	Habito Bank AG Zerich
Bank of Scotland	8	Hambros Bank
Banque Belge Lité	8	Hampshire Trest Pic
Barclays Bank	8	Heritable & Gen Lov Book .
Sett Bik of Mid East	Ř	HIV Samed
Brown Stripley	Ř	C. Houre & Co
CL Bask Nederland	Š	Hongkong & Skanghai
Citibank NA	ĕ	Juffar Hodge Bank
City Merchants Bank	ă	● Leopold Joseph & Sors
Clydesdale Bank	ā	Lloyds Bank

CAC-40 FUTURES (MATTE) Stock in

cember 106.56 106.76 Untated volume 2,331 † Total Open Inte

OFFERK ON LONG-TERM FRENCH BOND (MATER)

ECU BOND (MATTE)

nated volume 64224 (56999) ous day's open Int. 403875 (401087)

Estimated volume 819 (2522) Previous day's open lat. 19159 (18669)

cers traded on APT. Closing prices

1-mile. 3-mile. 6-mile. 12-mile. 1.5468 1.5380 1.5294 1.5145

POUND - DOLLAR FT FOREIGH EXCHANGE RAYES

FT LONDON INTERBANK FIXING

MONEY RATES

93.75 94.35 94.69 94.77

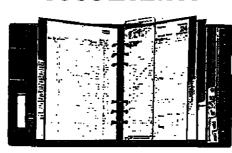
THREE NANTH ECU

...... 8 Baurk 8.5

# Time is of the essence

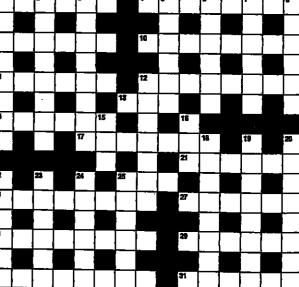
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### 0908 282211



What hasn't changed, is Time/system itself. Still the definitive and best designed planning system of them all. No wonder, year after year, professionals like yourself couldn't manage without it.

**CROSSWORD** No.7,995 Set by VIXEN



ACROSS
1 One way a lock can cause

picture isn't commonly ounted in a sound frame (8) 11 X's demonstrations of affection (6)

12 Not settled, so not given sup-

port (8)

13 The trainee 27 guided (3)

14 The point of a record player

(3) race (6)
26 The animal dug in nearfrenzy (3-6) ing argument (6)
27 "Heed it or perish" – a leadSolution to Puzzle No.7,994

ing journalist's piece (6)

28 The bishop may well find code is an essential (8)

29 Giving the small child nothing cool for preference (6)

30 Retiring soldiers did what soldiers do (6) diars do (8)
31 Presents taking a good man a very long time to make (6)

DOWN I Beats up a top man for being flashy (8)

2 Respecting the senior nurse as a person who'll put up a

3 Bird-food sale -scrimmage (4,4)
5 Exalted converse (6)
6 Show, but not in 25 across (6)
7 It's the duck-liver for him (6)

7 it's the duck-liver for him (6)
8 Abstract five hundred and
one gets in a mess! (6)
12 Faster, but fade in the end (7)
15 Egghead received by the
queen always (3)
16 Use 14 in a gauche manner (3)
18 Being a good marksman, he
adds to confusion (44)
19 A little cash is very much the
object! (8)

14 The point of a record player
(6)
17 This isn't where tennis stars have a resti (7)
21 People mature in a commune have a rest! (7) ated (6)
21 People mature in a commune 23 Seats — there must be over

(6)
25 Character of French quarter
(3)
26 The entired document of the control of

### 8 per cent from October 16, 1992 said a government defeat would be followed by a sharp mark-up in short-dated futures this morning. However, according to one discount house dealer, a government victory would almost certainly be followed by was calling a temporary halt to a reduction in base rates to the recent cycle of reducing

accompany next Thursday's Autumn Statement. Dealers were daring to contemplate that the next cut will come on

the morning of Friday the 13th. Sharp volatility in the trading of the December short sterling contract yesterday implied that dealers were the public sector wage round and the budget deficit for 1993 will be decided in the next fortnight, and the Bundesbank divided over the scale of the

Sterling rates soften HOPES OF cuts in UK and cut. The contract rose to 93.64 German official interest rates in the morning, continuing continued to dominate trading Tuesday's bull run. But it later in the sterling and D-Mark fell to 93.46, down 18 basis

money markets yesterday, points on the day. Helped by another very small shortage from the Bank of England, cash rates moved to their lowest levels since base rates were introduced. One-month money closed % easier, at 7% per cent on the offered side, while three-month money ended at 7% per cent offered, down from Tuesday's

7½ per cent. In the German money market, call money eased to rates of between 8.85 and 8.95 per cent after the Bundesbank injected an extra DM3.3bn into the market in the weekly securities repurchase tender.

Miss Alison Cottrell, an economist at Greenwell Montagu in London, noted that the Bundesbank accepted only 37 per cent of bids at the lowest allocated rate of 8.75 per cent. In her view, this suggested that the Bundesbank

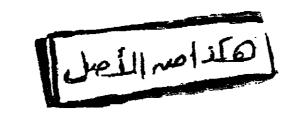
money market rates. She thinks the Bundesbank will now wait for several weeks before deciding on where to direct policy. Both will take note of results there.

NEW YORK	Treasury Bills and Bonds					
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Nov.4	Oversight	One Month	Two Months	Three Mostle	Şix Months	Lombard Intervention
Frankfort. Paris. Zurich	8.85-8.95 94-95 6-64 8.75-8 81 38-4 141-144 9-94 144-15	8.00-8.95 911-915 8.77-8.87 321-311 142 881-811 141-15	8 75-8-90     	875-890 92-92 63-64 868-878 38-331 142-141 84-87 134-144	8.40-8.60  12-12-4	9.50 9.35 - - - - -
LONDON MONEY RATES						
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Treasury Bills (sell); on Bank Bills (sell); one-tender rate of discount 30, 1992. Agreed rate p.e., Scheme II & III: Scheme IV&V: 8.454 (days' fixed. Fixance Ho at seven days notice 4 p held under one mouth 4 pleid under one mouth 4	month 71 <sub>2</sub> p 6.7575 . EC s for period 1.63 p.c. Ref 1.6. Local Ac uses Base Ra er cent. Cert	er cent; three Ra BD Flored Ra November 2 beence rate sthority and its 9½ from Ificates of T	ee poortis 6 ite Sterling i 5, 1992 to i for period 0 Finance Ho November 1 ax Deposit 0	23 per cent Export Finar December 25 Hober 1, 19 Huses seven d , 1992: Ban Series 6); De	Treasury B to Make up 1992, Sci 21 to Octobe ays' notice, & Deposit R posit £100.0	ilis; Average day October heme 1: 9.77 r 30 , 1992, others saver ates for sant 100 and over

Time/system<sup>e</sup>

هكذاصه الأصل

High Low Close Chap



### ARKET FUN FINANCIAL TIMES THURSDAY NOVEMBER 5 1992 **WORLD STOCK MARKETS** | Selection | Sele **CANADA** DSM Doritsche Petr Elserier Dep Recs Fokker Dep Recs Gamma Cits Brot Dep Ress Heineken Procordia B SCA A SCA B SCA B SCA B SCA Free SICT B Free Sandvilen A Sendviles B Standia Stan Enskilda C Stanta Kopp A Stara Kopp A Stara Kopp B Svia, Hand, B Free Trelfeborg B Volvo A Free Volvo B Free Name + a - 1 184 -1 81 -1 55 -1 61.50 -1 340 -5 340 -5 10.50 -1 10.5 97.50 -7.50 420 +2 -1 883 -1 883 -1 883 -1 889 +6 580 -1 883 -1 889 -1 8 High Law Close Chag TORONTO Neinteen Der Ress. Hunter Douglas introgomen Der Ress. Hunter Douglas IHC Cell land — IHC Cell 24 24 45 64 83 94 74 73 443 462 402 405 315 330 100 Denigon A 3600 Deriga 72100 Dotesco 8400 Dominn Txt 8400 Dominn Txt 8400 Dominn Inc 100 Du Pont A 15200 DenigeBncA 24 \$5 l<sub>2</sub> \$2 l<sub>3</sub> \$2 l<sub>3</sub> \$4 l<sub>3</sub> \$40 l<sub>3</sub> Horses IKB Dentsche ind industrie Werbe Kall & Salz Karsladt Karshed Karshed Karshed Karshed KhD Kinckner Werbe Lainnere Mercedes Hid Mannessnamm Rasanheim Vers Mercedes Hid Metalloselissitaft Resach Ruck Orej PWA Metalloselissitaft Resach Ruck Orej Rosenthal Schernie Tellissi Konness Soringer Axel DPri Rosenthal Schernie Tigssen Soringer Axel DPri Rosenthal Schernie Tigssen Versian Versia 11200 Eche Bay M 2000 Embo Ltd 106800 Empire 28500 Esto Nev \$65 \$65 \$114 \$171<sub>2</sub> BELGIVIK/LUXEMB AG Group AG Group AG Group Achermans Almanii Arbed BBL Bank Intl a Lox Bang Gen Lox Pts Bengue Nat Beig Bekaert CBR Cornest CMI Coheea SWITZERLAND 25900 FPI List 14400 Fehneti-Vnr 300 Firming x 10600 Firming x 1600 Forts 2000 Forts 2000 Forts 1000 FrançoNev 305 300 300 875 87 87 87 \$124 124 124 \$104 97 104 \$244 244 244 \$185 184 184 \$231 29 291 Adia (Pig Cisi) Adia (Adi (Br) Adia (Adi (Br) Adia (Adi (Br) Adia (Br) Adia (Br) Adia (Br) Adia (Br) Adia (Br) Adia (Br) Baoba (Pra Cha) Baoba (Pra Cha) Baoba (Pra Cha) Baoba (Br) Cha Geigy (Br) Adia (Br) Sandoz (Br) -0.25 13000 Calactic 81<sub>2</sub> 1200 Gendin A x 517 33890 Gassis Gid 485 18600 Granges 180 9400 Gaf Lisso x 5141<sub>2</sub> 6300 Gof Cds R 554<sub>3</sub> 800 CW Lissa 555<sub>3</sub> 7 812 17 17 12 440 455 170 170 1414 1412 531 536 814 631 CM5 Cobepa Cockerlii Priv... Coinnyt Delhaize Frs Lion Electrabei Electrabei AFV1 Electrafina ACT GBL GBL AFV I GIB Group +30 -5 +4 500 HarrinSi A 38 5½ 6 1000 HarrinSi A 38 5½ 6 1000 HarrinSi A 38 5½ 60 128800 Hees Ind 511 10½ 10½ 205200 Harrin Gold 52½ 9 9 5700 Hallinger 511½ 11½ 11½ 2000 Harrin Old 51½ 16½ 15½ 8600 Harrin Old 51½ 16½ 15½ 8600 Harrin Si X 1½ 1½ 1½ 9600 Harrin Si X 1½ Neventher 4 Aker A Free Bergesen A Ben sorsk fit Free Dyno Ind Ellent Free Hafsad fit A Free Kwarnter Free Lelf Hoegh Lelf Hoegh Rorsk Hydro Rossk Hydro Rossk Free Saga Pet A Free Saga Pet B Free Saga Pet B Free Saga Pet B Free Saga Pet B Ind Storid 8 Unitor Vard -4 3100 Jennock \$131<sub>8</sub> 15 131<sub>8</sub> +1<sub>6</sub> 2606 KerrAddis \$171<sub>8</sub> 171<sub>4</sub> 171<sub>4</sub> -1<sub>4</sub> +20 -15 +10 -10 +10 -150 -14 +10 +5 -150 +2 SPAIN TALY 50100 Labett # \$26-1, 26-1, 26-5, 27-27-200 Lac Meries \$31-5, 8-1, 8-1, 1100 Labetge \$15 10 18 1000 Labetge \$11-1, 107-3, 107-3, 17-5000 Labetge \$311-1, 107-3, 107-500 Labetge \$311-1, 107-3, 107-500 Labetge \$311-1, 107-3, 107-RTALY Revester 4 Sanca Comin Sanca Har Agric Sanca of Roma CR CR Cartigra Spa Consentir Copiate Italiano Credita Italiano Final Priv Fi November 4 Aiba (Corp Fin) Aragonesis Asland (Corp Fin) Aragonesis Asland (Son Fin) Banco Catral Hisp Banco Catral Hisp Banco Catral Hisp Banco Exterior Banco Popular Banco Satander Biro Agricolas Electral Viesgo Endess (Bir) Festa Duro Felg Histored Cantabr Iberdrola Koipe Magnire Metrovacesi Portland Valid Ressoul \_1 \_1 쇼트kk나숙주성나님: 수촌등상: 충수였잖나동농마시상): 남충놀림마음상축음 | Kr + 8r - | 185,50 +0.50 | 188 | 273 | ... | 171,000 | ... | 204 | ... | 224 | ... | 224 | ... | 224 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 | ... | 225 Battica Holding Reg Bilgaben Carlsberg A O(\$ 1912 A ialut Louis ichneider ichn -20 -2 -10 of S 1912 A Dankso Bask Dankso Bask East Aslatic FLS ind B Greet Nordic ISS Intl Serv B Jyste Bask Reg Lauritzen (J) B MKT A/S Norw Nord B Suppus Berend B Suppus Berend B Suppus Berend B Suppus Berend B Unidaomark A -20 -20 -20 -20 | NEW YORK | DOW JONES Nov | Nov | Nov | Oct | 1982 | Since compilation | Since compil nder 4 Revenuer 4 ABSA ABSA AECI Allied Tech Anglo Ant Coal Anglo Ant Coal Anglo Ant Corl Bartow Rand Berries CNA Gallo De Beers/Cesteary Deeltraal Gold Deferoastic East Rand Gold Einges First Nat Bank 8.60 .... 8.60 .... 5.90 .... 117 .... 13.50 -0.75 13.50 -0.75 13.50 -0.75 42.75 -1 22.75 -1 21.75 .... 49.65al -0.75 49.65al -0.75 Portiano vaio Repool SNIACE San Milguel Santio Santio Sevillana Elec Tabacalera A Telefonica Tudor Unition Penosa Unition y el Fenix Uralita Urbita Ser 2 Valletarrosso Viscofan -1 -0.75 -0.20 -1 +0.10 +3 -0.50 +1.20 +3 +2 +20 +2 -5.30 +4.10 417.11 419.92 422.75 418.68 425.27 (1449) 488.81 492.68 495.82 490.76 503.30 (1449) 33.91 37.13 38.84 37.13 27.11 27.11 994.50 425.27 889 1149925 470.91 503.30 1894 1149925 32.40 37.13 1899 12/11/52 AEG & Verk G ind & Verk Lichar AEG Alchar AEG Alchar AEG ALchar Ind Lichar AEG ALchar Ind Lichar AEG ALchar Ind Lichar AEG ASF Badennerk Bayer Liyon BMW (Br) Saver Verelnchik 217.92 273.73 4.46 849 (449.92 253442) 364.85 418.99 29.31 197.89 644.92 54.87 2666 (122/92) (31/10/72) 233.73 C14/9) 418.99 (12/2) 644.92 (12/2) -0.50 +0.50 -0.50 -0.50 -0.50 -0.50 -1.50 -1.50 +2 +6 +1 +2,30 rick net base reside ton Gold Genor Genor Gold Fleids SA Nartabees Higheid Steel ISCOR Kinross Gold Kinot Gold Liberty Life SA Malhold Nector O K Bazaars Hector O K Bazaars Gold Michold Nector O K Bazaars Hector O K Bazaars Sa Malhold Nector Teanianati Gro Resilvanati Gro Resilvanati Gro Resilvanati Colut Teanianati Torgaati Nuclet Vaal Reefs Western Deep SWEDEN Salpern San Paolo Sant Spa Soli Spa Soli BPD STET Toro Assicer Tosi Franco Jeicesn NASDAQ Composite 605.52 604.58 607.57 605.17 AGA B Free..... 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Arabe Aust\$ 7 0.52 27.80m 1.19m 2.12 4.42 0.90 0.19 2.49 1.82 1 3.54m 3.54m 2.87 0.82 4.65 4.65 4.65 4.65 4.65 4.65 4.7 0.82 4.7 0.82 3.75 Yes - 645 - 845 - | Japan Radio | J. 1,000 | | Kalen Pinarin | J. 1,000 | | Kalen Pinarin | J. 1,000 | | Kandelo | J. 1,000 | | Kinden | J. 1,000 | | Koluya | J. 1,000 | | Kondelo | J. 1,000 | | Kondelo | J. 1,000 | | Kondelo | J. 1,000 | | Kandelo | J. 1,000 | Takara Shaze Takar Nat Aust Bank Newtorest Nilaleg Newtorest Nilaleg Newtorest Nilaleg Newtorest Nilaleg Newtorest Newtorest Pacific Dunlog Pagentinemai Passaninco Planeer Intil Planeer Pacific QCT Resources Resiston Gold Rothmans Aust SA Brewing Santos Santos Santo Hwed Sons of Gwalla Stockland Tst ThT Talecom Cop MZ Tyco Lors Western Mining Westfield Trust +0.17 +1.40 +0.02 +0.09 +0.02 +0.01 +0.01 +0.01 +0.01 +0.08 +0.15 +0.08 +0.15 +0.01 +0.01 +0.01 +0.01 +0.01 +0.01 CANADA TORONTO 242.6 2780.62 274.69 2772.11 3238.67 (16/1) 269.82 (15/10) 3344.80 3361.64 3379.04 3336.10 3666.60 (16/1) 3195.40 (14/10) 1595.6 1779.19 1779.78 1743.56 1937.99 (16/1) 1663.16 (14/10) 1663.1 **TOKYO - Most Active Stocks** Revealsher 4 Annoy Props Annoy Props Band East, Alai Cathay Pacific Cheune Kore Cheune Kore Cheune Kore Chinas Moder Cross Harbone Dairy Farm Intl Everyo Great Eagle Guoco Great Eagle Guoco Hang Lung Dev Hang Seng Bank Harbour Centre Hang Seng Hit & Altraraft HK & China Gas HK & Agring Hand HK Raity & Tr A HK Telecom Hopewell Hidgs Hutchtaon Wya Hyasan Oev Jardine Intl Mitr Jardine Bank Hyasan Oev Jardine Intl Mitr Jardine Stratesjic Kowkoon Mottor Magnafurio Derient New World Der Schill Elec Milig Sinte Darby Son Homby Son Homby Son Homby Son Homby Hoddings Whyar Hoddings 206ing Prices 986 1,140 1,420 598 157 7raded 4.7m 2.7m 2.3m 2.3m 2.3m 2.1m +33 +20 +6 -8 Misubishi Heavy Shoko ....... 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Stocks Traded 2.0m 1.6m 1.7m 1,6m 1.5m

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**FINANCIAL TIMES** 

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4 pm close November 4

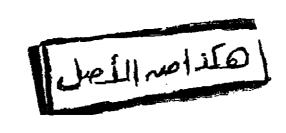
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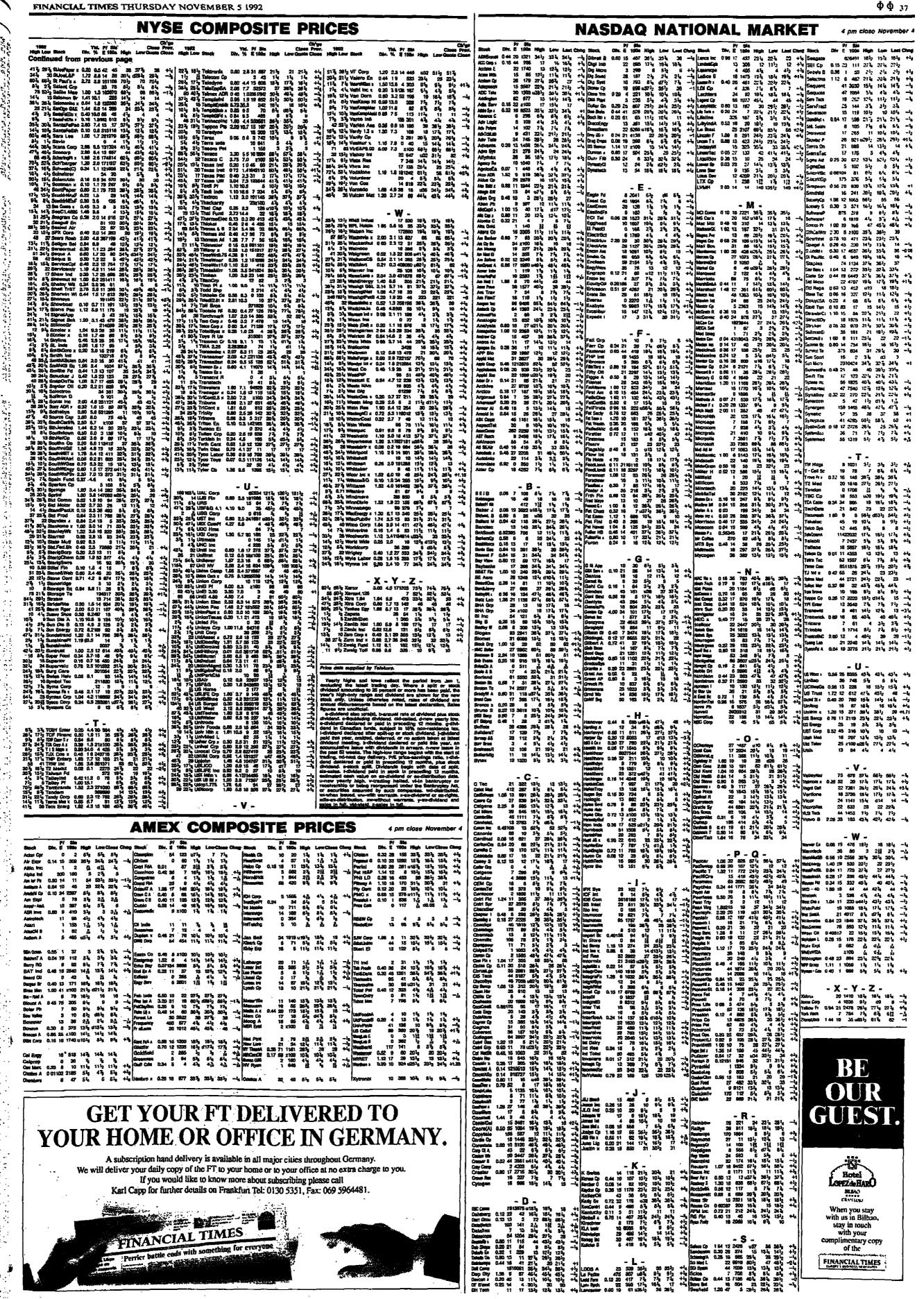
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# Blue chips dip after Clinton's triumph

**Wall Street** 

THE INITIAL reaction by Wall Street to the first Democratic presidential election victory in 16 years was mixed yesterday, with blue chip share prices ending lower on futures-related program selling but the broader indices putting in a steadier performance, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was down 29.44 at 3,223.04, near its low for the day. The more broadly based Standard & Poor's 500 finished 2.83 off at 417.09, but the Dow Transportation Average, a good measure of market sentiment, ended 3.02 higher at 1,360.37. The American SE composite ended down just 0.89 at 381.94 and the Nasdaq composite 0.94 firmer at 605.53. Turnover on the New York

SE was fairly substantial at 195m shares and declines outpaced rises by 999 to 713. From the opening bell the market struggled to find a direction in the wake of the election result. Prices opened slightly weaker, then rallied 15

Dow points only to drop back

into negative territory. The

was unsure about how to respond to a Democrat win. The fact that Mr Clinton's victory looked a certainty in the last few days of the campaign was partly to blame for the absence of a post-election rally. The lack of a strong reaction

to the result from bond, currency and overseas markets also contributed to the relatively subdued response. Domestic economic concerns were also a factor. The October employment report is to be published tomorrow and investors were nervous about committing funds to the market ahead of the important jobs

Most of the damage to the Dow was done near the end of the day, when futures-related program selling doubled the Dow's loss in the final half-

hour of trading.
Among individual sectors, drug companies ran into selling on revived worries that Mr Clinton will introduce controls on pharmaceutical prices. Bristol Myers-Squibb fell \$2 to \$66%, Pfizer \$2% to \$74%, Glaxo \$1/4 to \$25 and Merck \$1

Oil issues continued to lose ground, undermined by falling

oil prices and brokers' down-grades. British Petroleum was hurt most severely, dropping \$1% to \$41%, while Chevron shed \$1 to \$67 % and Texaco \$% to \$58%. On the Nasdaq market,

McCaw rose \$2% to \$26% in turnover of 2.4m shares, on speculation that a possible merger or big investment deal with AT&T was near. Trading was subsequently suspended for the announcement that AT&T was to spend \$3.8bn on a 33 per cent stake in McCaw. AT&T slipped \$% to \$42% before being suspended.

TORONTO stocks ended lower for the second consecutive day in continued active trading. The TSE 300 index declined 16.8 to 3,344.8 and falls led advances by 304 to 238 after volume of 32.3m shares. Air Canada, off 2 cents at C\$2.88, reported a third-quarter

loss, against a year-earlier net Quebecor said its third-quarter earnings rose to 27 cents from 13 cents and increased the semi-annual dividend on its "A" and "B" shares. The "B" put on C\$1/4 at C\$161/4.

**ASIA PACIFIC** 

Tokyo

# Paris climbs on further rate cut hopes

Open 10.30 11.00 12.80 13.90 14.00 15.00 Close

1028.47 1090.07

FT-SE Actuaries Share Indices

1038.76

1105.49

early losses on the dollar, the

DAX index closing 12.31 lower at 1,472.69, against a backcloth

of mounting gloom on the Ger-

man economy and fading

hopes of interest rate cuts.

Turnover eased from DM3.7bn

Bad unemployment data

added to Tuesday's chambers

of commerce report, which said

that west German companies

were gloomier about the econ-

omy than they had been for 10

years. In addition, senior Bund-

string of conditions for new

interest rate cuts on Tuesday,

eshank officials had listed a

FT-SE Eurotrack 100 1034.33 1035.21 1036.35 1034.57 1034.12 1035.36 1037.46 1037.06

FT-SE Burstrack 200 1105.95 1106.36 1105.87 1104.89 1104.24 1105.26 1104.40 1105.82

1095.06

Base value 1900 (26/10/97) Highiday: 100 - 1037.45, 200 - 1107.31 Lembery 190 - 1002.45 200 - 1100.75

Nov 2

A TECHNICAL reaction to the Clinton victory pushed a number of bourses lower. However, the volatility of the dollar affected late-closing markets in different ways, and a late domestic boost allowed Parls to maintain its untrend, writes Our Markets Staff.
PARIS was pulled up in the

last hour of trading following remarks by the prime minister, Mr Pierre Bérégovoy, that Monday's quarter-point cut in the Bank of France's lending rates would not be the last. The CAC-40 index ended 17.14 higher at 1.804.07 in turnover of FFr2.7bn, of which FFr2bn was reportedly generated late in the afternoon

LVMH was volatile on futures and options-related activity, falling to FFr3,625 before ending FFr122 or 3.3 per cent higher at FFr3,772.

Peugeot fell another FFr7 to FFr504 following October's poor car sales data. There were also fears that the November data would be even worse. Eurodisney came off a low of FFr78 to close 20 centimes

higher at FFr80.20 on news that its 1991-92 results would be announced on November 19, earlier than the market had

FRANKFURT moved with

response from investors, and

share prices rose on futures-related arbitrage buying and

light bargain hunting, writes

The Nikkel average ended

211.84 up at the day's high of 17,065.20, surpassing the psy-

chologically important 17,000

level for the first time in four

trading days. Share prices sagged in the morning on

small-lot selling by foreign investors, and the Nikkei set

a low for the day of 16,771.72. However, shares found support

on public funds buying, and

index-linked purchases in last-

minute trading boosted the

140m shares after Monday's

144m, as uncertainty over the domestic economy and corpo-

rate earnings still loomed over

Advances led declines by 537

to 327, with 181 issues unchanged. The Topix index of

all first section stocks gained 13.41 at 1,293.85, but in London the ISE/Nikkel 50 index eased

Traders said Japanese inves-

tors were not clear about the implications of the Democrat victory in the US presidential

election. "Investors will have

to wait for the reaction on Wall

Street," remarked Mr Shin Tokoi at Kidder Peabody Secu-

ritles. "The Japanese do not quite understand what the

effects will be," said Ms Kathy Matsui, strategist at Barclays

Large-capital blue chips were

firmer on small-lot bargain

JOHANNESBURG fell in slow

trading, but a weakening financial rand offered support

The gold index closed 16 down at 808, the overall index lost 18 to 3,013 and the industrial

**SOUTH AFRICA** 

index fell 9 to 4,005.

the stock market.

2.58 to 1.040.43.

de Zoete Wedd

Smiko Terazono in Tokyo.

Daimler was the worst blue-chip performer, falling DM16, or 3.1 per cent to DM507.50. Dealers said that the fall might reflect a forecast of

rates steady.

Y6 to Y598.

FT-SE Eurotrack 100 FT-SE Eurotrack 200

lower profits from MAN, which also has truck-making in its portfolio, and which announced 4,500 job cuts. MAN fell DM2.20 to DM242.80.

Oct 30 Oct 29 Oct 28

1086.76

THE EUROPEAN SERIES

MILAN lost 2.7 per cent in active trading as widely-expected profit-taking emerged ahead of the close of the trading account next Friday. The Comit index fell 12.03 to 438.58 in turnover estimated at L283bn after Tuesday's L264\_4bn

Among leading stocks. Flat eased L52 to L4,548, Montedi-son dropped L41 to L1,201 and Generali fell L650 to L28,750. The investment bank, Sopaf. attracted buying interest after

while yesterday's central bank repo tender left short-term news that consolidated net profit for the fiscal year ended June 30 rose 5.4 per cent and that it was paying an addi-tional, extraordinary dividend of L100 on both savings and

ordinary shares. Its savings shares rose 7 per cent or L119 to L1.820 while the ordinary shares eased L10 to L2,900, but rose in after-hours trading.

AMSTERDAM ended lower and blamed earlier softness in the dollar as the CBS Tendency index lost 0.9 to 102.3. Shortcovering helped Philips ahead of its third-quarter results, due today, as the shares added 20 cents to Fl 19.10, KLM, down 70 cents at Fl 22.10, reports its second-quarter figures today.

Hunter Douglas fell 30 cents to F133 as the company said, just before the close, that it expected 1992 profit to be significantly lower than the

ZURICH finished below its day's highs after profit-taking late in the session. The SMI index of leading shares added 8.5 to 1,941.8 after a high of

Dealers said that sentiment was buoyed up partly by the eventual rise in the dollar, but ainly by foreign orders for the index heavyweights Roche, where the certificates gained SFr20 to SFr3,780, and Nestlé, where the bearers closed SFr15 higher at SFr1,050.

The aluminium and chemical group, Alusuisse, responded to bearers up SFr13 to SFr361. MADRID had a generally tranquil day, the general index closing 0.19 higher at 200.11,

but the news that Huarre had won one of its biggest projects ever in a Pta60bn contract to build a workers' town in Indonesia left the construction group DM71 or 11.4 per cent higher at STOCKHOLM retreated in

moderate trading on profit-taking after its recent gains. The Affarsvarlden General index fell 2.0 to 727.8 as turnover dropped to SKr113m from

Volvo B shares fell SKr2 to SKr252, seeing SKr250 in London later after news that the carmaker planned to close two Swedish assembly plants. Astra fell on profit-taking, with the A shares falling SKr2 to

OSLO reflected the early dollar and lower prices for Norway's North Sea oil as the allshare index dropped 6.32 to 346.10 in thin trading. HEL-SINKI continued to soar on strong investor interest, the Hex index putting on another 5 per cent to close 40 higher at 838.6, with the banks and finance house index up 17.3 per

# Tax-cutting budget helps KL to scale new heights

Kieran Cooke on the bull run in Kuala Lumpur

udgets usually make but did not try to dampen Stock markets nervous. Not so in Kuala Lumpur, which has been scaling new heights since Mr Anwar Ibrahim, Malaysia's finance minister, delivered his budget

to parliament last Friday.

Down the road at the stock exchange, there were no signs of budgetary nervousness. As Mr Anwar spoke, the market was reaching a new record high, with the KLSE composite index climbing to 641.31. In the following days the buils kept

By the middle of this week the market had broken through the 650 mark for the first time, closing at 658.68 yes-terday, a rise of more than 17 per cent since the beginning of the year. Trading also reached new highs, with turnover on one day this week rising to

Market capitalisation has risen to M\$218bn from the level at the end of last year of M\$161bn and Kuala Lumpur is consolidating a position as one of the biggest and more lively markets in the region. There were plenty of leaks in

advance of the budget. The market knew that the overall picture was good. Mr Anwar said that GDP growth would be 8.5 per cent this year, slowing slightly to 8 per cent next year. A current account deficit of M\$12bn last year will be cut back to a deficit of M\$7.9bn by the end of 1992.

While the budget made reductions in some areas of government expenditure in an effort to control inflation and make further inroads into the current account deficit, business was heartened by corpo-

"The budget was the tonic the market needed," says one broker. "it tackled some of the problem areas in the economy

things down too much. It was still a 'go for growth' budget," Gaming and leisure stocks such as Genting, owner of south-east Asia's biggest

casino complex in the hills outside Kuala Lumpur, surged as fears about tax increases Malaysia :

**IQUSE Composite Index** 

proved unfounded. Construction and engineering were buoyed by the government's nitment to a wide range of nfrastructure projects. Other factors have driven

the market upward. Like frightened pigeons, some money took flight from Hong Kong in the aftermath of renewed arguments between colony and Beijing. Some of that cash has settled in Kuala Lumpur.

Malaysia Telekom and Tenaga Nasional, the Malaysian electricity utility, account for nearly 30 per cent of the total market capitalisation. Telekom reported pre-tax profits of M\$606m for the first half of the

year, up 18 per cent from the same period in 1991. Tenaga, whose share offering earlier this year was the big-gest such exercise in Malay-sian corporate history, this week reported a doubling of

institutional investors and locals are doing some heavy dealing, not only in blue chip shares such as Telekom and Tenaga but also featuring a lot of activity in the more speculative secondary stocks.

apore index, inactive for severai weeks, has shown some signs of life recently. Kuala Lumpur is almost twice the size of Singapore in terms of market capitalisation. On one day this week more than 50 per cent of the total volume of trade in Singapore was in

Some analysts say Kuala Lumpur's rise is part of a traditional year-end burst of activity, as punters look forward to salary bonuses and rush to pick up stocks before renewed buying in the new year by the big institutional investors.

lot of attention will be focused on the results of a M\$1.74bn rights issue earlier this week by Malaysia Airlines. The airline, still more than 50 per cent govern-ment-controlled, has had vari-ous financial problems in recent years. Brokers say buoy-ancy in the market should help rights issue so far.

There are those who say the market, like the economy, shows signs of overheating and that some stocks are overbought. But there are many others who forecast that Kuala Lumpur will go through the 700 level by the end of the year. In the euphoria of a mar-ket surge, the voices of caution

pre-tax profits to M\$1.41bn for the year ending August 31,

Brokers say both foreign

Not so long ago Kuala Lum-pur would ride the wash of the Singapore market. That posi-tion is now reversed. The Sing-

Malaysian stocks.

funds. Nippon Steel put on Y8 to Y293. High-technology issues MR BILL Clinton's landslide were higher in spite of a volatile currency market. Hitachi victory in the US presidential election failed to spark a rose Y18 to Y738 and Toshiba

> Dealers concentrated on speculative theme stocks. Denki Kogyo, the day's most active issue, advanced Y33 to Y966 on the nuclear fusion theme. Aids-related Green Cross gained Y20 to Y1,420 and Sumitomo Chemical appreciated Y8 to Y483. In Osaka, the OSE average finished 130.06 firmer at

18,479.85 in volume of 8.6m The OSE said trading volume lunged 32.8 per cent in October from the previous year's since May 1958. Trading of Nikkei 225 futures contracts fell 12.1 per cent to 760,948 lots.

Japanese undecided as Pacific Rim responds

Roundup

HONG KONG was spurred Banks led the rally, HSBC

75 cents at HK\$36.50. level to 315m shares, the lowest

AUSTRALIA saw a 5.6 per

All Ordinaries index ended 18.3

THE majority of the region's equity markets rose after the US presidential election, mainly on the removal of

from an early decline to a 2.1 per cent gain, the Hang Seng index closing a net 127.93 ahead at 6,325.37 after an 84point decline. Turnover rose from HK\$2.58bn to HK\$3.53bn.

climbing HK\$2.50 to HK\$65.50 and topping the active list, fol-lowed by Bank of East Asia, up

points higher at 1,431.9. News Corp will announce its

quarterly profits at the close of trading today. The media group rose A\$1.50 to A\$27.90 as smaller investors entered the market in the afternoon, on speculation about a pick-up on

Wall Street later in the day. MANILA moved from weakness to strength and the com-posite index closed 10.05 higher at 1,362.57. Once again a projected spill-over from Wall Street accounted for the change of mood.

BANGKOK bought banks heavily, and their gains boosted the SET index by 1.6 per cent, or 14.79, to 956.87 in heavy turnover of Bt18.64bn. Krung Thai Bank was the of Bt2.38bn, finishing at Bt310, up Bt28, after hitting its 10 per cent upper daily limit.

NEW ZEALAND's mood was neutral, although the NZSE-40 index edged further above its 13-month low to end 5.2 firmer at 1,372.01.

SEOUL rose on active late institutional support, the composite index adding 13.48 at 619.00 in turnover of Won601.5bn (Won483.4bn).

SINGAPORE managed a mild recovery as the Straits Times Industrial index improved 15.59 to 1,421.46 in volume of 183.2m shares, against 156.7m. TAIWAN feil 1.5 per cent in very sluggish trade, the weighted index endlng 53.61 off at 3,506.05 in



E.D. & F. MAN LIMITED

### **US \$250,000,000**

**Revolving Credit Facility** Final Maturity Extended to March 1995

Chemical Bank

Australia and New Zealand Banking Group Limited Banque Nationale de Paris p.l.c. Barclays Bank PLC Bayerische Vereinsbank Aktiengesellschaft London Branch BHF-BANK London Branch

The Chase Manhattan Bank, N.A. Chemical Bank National Westminster Bank PLC Rabobank Nederland London Branch Société Générale London Branch Union Bank of Switzerland

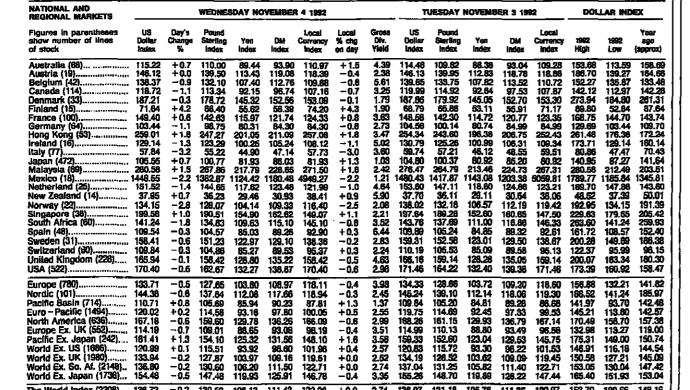
ABN+AMRO Bank N.V. London Branch Bank Mees & Hope NV London Branch Bank of America NT & SA

Banque Française du Commerce Exterieur London Branch Banque Indosuez Compagnie Financière de CIC et de l'Union Européenne London Branch

ING Bank London Standard Chartered Bank Swiss Bank Corporation

Chemical Bank





The World Index (2208)... 136.72 -0.2 130.52 106.13 111.43 122.96 +0.0 2.74 136.97 131.18 105.76 111.35 122.97 153.70 130.66 148.16

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